

7/5/77 [1]

Folder Citation: Collection: Office of Staff Secretary; Series: Presidential Files; Folder: 7/5/77 [1]; Container 29

To See Complete Finding Aid:

<http://www.jimmycarterlibrary.gov/library/findingaids/Staff%20Secretary.pdf>

THE WHITE HOUSE

WASHINGTON

July 1, 1977

MEMORANDUM TO THE PRESIDENT

FROM: ACHSAH NESMITH *Achah*
SUBJECT: Presidential Medal of Freedom

You made me very proud when you chose Dr. King for your first Medal of Freedom. Your choices this time return this award to its proper place as the highest civilian award this nation gives. When I wrote a memo suggesting Dr. King I was told he had died too long ago, but I'm glad in this case you decided not to let past oversights keep you from doing something that should have been done long ago.

Not long before Ralph McGill died he told me that he wished I had succeeded in persuading them in 1966 to go with you, that would have been the right thing to do. I don't think he ever said that to many people because he was bound in that election by old loyalties and he was not a man to turn his back on people in hindsight. But it meant a lot that he said it to me, because he meant a lot to me. He was one of the recipients of this award who gave it honor in the past, I think, and I believe he would have been proud that a Georgia-born President gave it to a fellow-Georgian in this case. I was proud to have been able to write the draft citation.

MEMORANDUM

THE WHITE HOUSE
WASHINGTON

INFORMATION

5 July 1977

TO: THE PRESIDENT
FROM: RICK HUTCHESON *nh*
SUBJECT: Memos Not Submitted *C*

1. ACHSAH NESMITH MEMO. Expressing her pride in your choice of Dr. King for the Medal of Freedom. ✓
2. JAY SOLOMON MEMO on the Nixon tapes. This memo is dated by the Supreme Court decision, and has been referred to Bob Lipshutz for inclusion in his overall study. ✓
3. GRACE OLIVEREZ MEMO describing the mission of C.S.A., per your request. This long memo was referred to Eizenstat's staff for review and summarizing. ✓

**Electrostatic Copy Made
for Preservation Purposes**

THE WHITE HOUSE
WASHINGTON

July 5, 1977

Bob Lipshutz -

The attached was returned in
the President's outbox. It is
forwarded to you for appropriate
handling.

Rick Hutcheson

Re: Disposition of White House Staff
& Presidential Papers Noted in
Hugh Carter's Memo Dated
5/20/77

THE WHITE HOUSE

WASHINGTON

July 1, 1977

THE PRESIDENT HAS SEEN.

MEMORANDUM FOR THE PRESIDENT

FROM: BOB LIPSHUTZ *RJL by me*

SUBJECT: Disposition of White House Staff and Presidential Papers Noted in Hugh Carter's Memo Dated 5/20/77

This is to advise you of the status of recommendations being prepared for you by Hugh Carter and myself on the following subjects:

A. Disposition of Papers of White House Staff Members.

We plan to submit to you recommendations concerning the proper handling and disposition of all papers, memoranda, drafts and other documents originated and maintained by White House staff members. Included will be a recommendation on what materials a departing staff member may take with him or her. This recommendation should be submitted to you not later than July 15th.

*Keep
on
schedule
this time*

B. Disposition of your Presidential Papers.

At my urging, submission of a recommendation to you on this matter was delayed until the Supreme Court ruled in Nixon v. Administrator of General Services Administration. We are actively analyzing the Supreme Court's decision along with the recommendations of the National Study Commission on Records and Documents of Federal Officials and the recommendations of Colonel John Dunn. A decision memorandum on the disposition of your Presidential papers should be submitted to you by August 8.

**Electrostatic Copy Made
for Preservation Purposes**

Copy

MEMORANDUM OF INFORMATION FOR THE FILE

DATE July 5, 1977

EXECUTIVE

FE10

PA5-2

WH4

FG6-1-1/ Carter

FG6-1-1/ Lipshutz

Robert

FG1

~~LETTER~~, MEMO, ~~EXC.~~

TO:


Bob Lipshutz

FROM:

Rick Hutcheson

SUBJECT:

Disposition of White House Staff and Presidential Papers Noted in Hugh Carter's Memo dated 5/20/77

Attachment: 

Lipshutz memo dated 7/1/77 re subject.

CORRESPONDENCE FILED

PRESIDENTIAL
HANDWRITING FILE

Handwritten notes in bottom right corner

Date: July 5, 1977

MEMORANDUM

FOR ACTION:

The First Lady
Tim Kraft

FOR INFORMATION:

Zbig Brzezinski*Staff
noted up*

FROM: Rick Hutcheson, Staff Secretary

SUBJECT:

Poston's memo to the President and The First Lady dated July 1, 1977 re Presentation of Bicentennial Gift from the People of Iran to Those of the United States.

YOUR RESPONSE MUST BE DELIVERED
TO THE STAFF SECRETARY BY:

TIME: 10:00 A.M.

DAY: Thursday

DATE: July 7, 1977

ACTION REQUESTED:

☒ Your comments

Other:

STAFF RESPONSE:

☐ I concur.☐ No comment.

Please note other comments below:

PLEASE ATTACH THIS COPY TO MATERIAL SUBMITTED.

If you have any questions or if you anticipate a delay in submitting the required material, please telephone the Staff Secretary immediately. (Telephone, 7052)

MEMORANDUM

NATIONAL SECURITY COUNCIL

4351

July 6, 1977

MEMORANDUM FOR RICK HUTCHESON

FROM:

Christine Dodson
Christine Dodson

SUBJECT:

Presentation of Iranian Bicentennial Gift

In response to your request of July 5, the NSC has no objection to the President and/or Mrs. Carter accepting the Iranian Bicentennial tapestry during Empress Farah's visit.

[Handwritten signature]

ANDUM

THE WHITE HOUSE

WASHINGTON

MEMORANDUM FOR THE PRESIDENT AND MRS. CARTER

FROM: GRETCHEN POSTON *GP*

DATE: 1 July 1977

SUBJECT: PRESENTATION OF BICENTENNIAL GIFT
GIFT FROM THE PEOPLE OF IRAN TO THOSE OF THE
UNITED STATES

Ambassador Zahedi has, at the Embassy, a tapestry of George Washington made by the People of Iran as a Bicentennial gift. It has been suggested that the Queen present the tapestry when she comes for luncheon on July 11th.

The National Security Council (Carol Farrar) has called to verify the propriety of accepting this gift. It is the recommendation of NSC that the Ambassador invite a small number of his staff to be present and that three or four staff members from the Department of State and the National Security Council - and possibly Dr. Brzezinski - be present. It has also been recommended that the President make brief remarks, if possible.

APPROVE _____

DISAPPROVE _____

THE WHITE HOUSE
WASHINGTON

July 5, 1977

Hugh Carter

The attached was returned in
the President's outbox. It is
forwarded to you for appropriate
handling.

Rick Hutcheson

Re: Weekly Mail Report

Electrostatic Copy Made
for Preservation Purposes

THE PRESIDENT HAS SEEN.

THE WHITE HOUSE

WASHINGTON

Week Ending 7/1/77

C
/

MEMORANDUM FOR THE PRESIDENT

FROM:

HUGH CARTER *HC*

SUBJECT:

Weekly Mail Report (Per Your Request)

Below are statistics on Presidential and First Family:

| <u>INCOMING</u> | <u>WEEK ENDING 6/24</u> | <u>WEEK ENDING 7/1</u> |
|---------------------------|-------------------------|------------------------|
| Presidential | 34,000 | 31,800 |
| First Lady | 1,700 | 1,800 |
| Amy | 900 | 620 |
| <u>Other First Family</u> | <u>150</u> | <u>110</u> |
| TOTAL | 36,750 | 34,330 |
| <u>BACKLOG</u> | | |
| Presidential | 4,850 | 10,130 |
| First Lady | 600 | 770 |
| Amy | 50 | 50 |
| <u>Other</u> | <u>0</u> | <u>0</u> |
| TOTAL | 5,500 | 10,950* |

DISTRIBUTION OF PRESIDENTIAL MAIL ANALYZED

| | | |
|-------------------|-----------|-----------|
| Agency Referrals | 51% | 55% |
| WH Correspondence | 23% | 21% |
| Direct File | 15% | 11% |
| White House Staff | 9% | 8% |
| <u>Other</u> | <u>2%</u> | <u>5%</u> |
| TOTAL | 100% | 100% |

NOT INCLUDED ABOVE

| | | |
|--------------------------------|--------|--------|
| Form Letters and Post Cards | 43,875 | 23,224 |
| Mail Addressed to WH Staff | 16,875 | 17,024 |

cc: Senior Staff

*The backlog temporarily increased due to a newly installed analyst system.

MAJOR ISSUES IN
CURRENT PRESIDENTIAL ADULT MAIL
Week Ending 7/1/77

| ISSUE | PRO | CON | COMMENT ONLY | NUMBERS OF LETTERS IN SAMPLE |
|---|-----|-----|-----------------|------------------------------------|
| Pres.'s Position re: Israel Returning Land Won in '67 War | 5% | 95% | 0 | 1,552 |
| B-1 Bomber | 10% | 90% | 0 | 2,177 |
| Support for Hospital Containment Bill (S.1391-HR.6575) | 40% | 60% | 0 | 63 |
| Support for U.S. Intervention in Case of Anatoly Sharansky | 90% | 10% | 0 | 133 |
| Public Opinion re: Andrew Young | 6% | 94% | 0 | 630 |
| Support for the Kennedy-Corman Bill (S.3-HR.21) National Health Insurance | 84% | 16% | 0 | 51 |
| Support for Gay Human Rights | 64% | 36% | 0 | 366 |
| Support for Improving Relations with Cuba | 3% | 97% | 0 | 126 |
| Support for Amendment to Bill Reducing HEW Funds | 36% | 64% | 0 | 80 |
| Support for Retaining Panama Canal | 92% | 8% | 0 | 305 |
| Comments re: Police Brutality in Philadelphia, Pennsylvania | 0 | 75% | 25% | <u>106</u> |
| TOTAL IN SAMPLE | | | | 5,589 |

MAIL SUMMARY - WEEK ENDING JULY 1, 1977

The following statements are based on debriefings of mail analysts during the week.

B-1 -- Initial reaction through telegrams and Mailgrams shows a three-to-one ratio in favor of the President's decision to cancel production of the B-1 bomber. Most people are applauding the judgment, the others are worrying about employment and national defense.

MIDEAST -- Hundreds of people, not only Jewish citizens, are suggesting that President Carter carefully consider U.S./Mideast policy, adding that the President's recent statements "concerning a Palestinian 'Homeland,' minor adjustments in the 1967 borders, and compensations for Arab refugees give (them) cause for concern." And they advise that "a full peace must be based on UN Security Council resolutions regarding direct negotiations between Arabs and Israelis and Arab acceptance of the State of Israel."

USPS vs. UPS -- Numerous business people and others are supporting the United Parcel Service and condemning any rate increase in first class mail by the U.S. Postal Service, when it would be used to subsidize fourth class parcels. They laud the "fast, economical service" UPS provides, and urge Carter to put regulations on the mail classes to insure fair competition.

STEEL -- Imports "that are flooding the United States steel market" are causing a great deal of concern among people who contend the foreign steel producers are engaging in "unfair competition." Most writers are requesting that the President, members of the Administration and Congress "open their eyes to the realities of international trade and bring about enforcement of existing fair trade laws."

JOBS -- People are constantly seeking assistance with employment woes. And middle age persons say they are having an extremely difficult time finding employment. Some say they have been unemployed for as long as two years.

DOUBLE-DIPPING -- Military retirees convey disappointment with the President's "strong stand against" the payment of retired military pay to retirees who are civil service employees.

LOCKS AND DAM -- Many people from Illinois, particularly railroad industry employees, are soliciting President Carter's support "to defeat the proposal to rebuild and expand the Alton Locks and Dam 26 Project just north of St. Louis." Railroad employees fear the possible loss of jobs.

I have no confidence in mail analysis. For me, the previous page says 10:1 against.

To my great friend
Joe Mitchell -
Jimmy Carter



THE WHITE HOUSE
WASHINGTON

. July 5, 1977

Hamilton Jordan-

The attached was returned in
the President's outbox. It is
forwarded to you for appropriate
handling.

Rick Hutcheson

Re: Humanities Endowment

cc: Jim King
Barry Jagoda

THE WHITE HOUSE
WASHINGTON

Mr. President:

Jordan concurs.

Rick

THE PRESIDENT HAS SEEN

*Ham -
Let's proceed
Duffey
J*

MEMORANDUM FOR THE PRESIDENT

FROM: JOE DUFFEY *JD*
DATE: JULY 1, 1977
RE: Humanities Endowment

When we talked I committed myself to replying to your question about the National Endowment post within a week or so. I have been away from Washington since that time for meetings with the Japan-US Commission and the East-West Center.

I share your concerns about the direction of the National Endowment for the Humanities under your Administration. I would be willing and enthusiastic about taking the responsibilities of Chairman. The new Chairman will need your support and the support of your office to begin to shape the programs according to the values and emphasis identified during the campaign and since January 20.

I have discussed a possible move with Cy Vance and he has requested that any public announcement be held up until the post of Deputy Under Secretary for Management at State is filled (a week or so). He has requested, and I would be eager to comply, that I help in arranging a transition for leadership of the Bureau where I have been serving.

If we are to proceed from here I would like to discuss plans for an orderly transition with Barry and Hamilton.

#

copy
Barry Jagoda
Stu Eizenstat
Hamilton Jordan

**Electrostatic Copy Made
for Preservation Purposes**

THE WHITE HOUSE
WASHINGTON

July 5, 1977

MEMORANDUM FOR THE PRESIDENT

FROM: HAMILTON JORDAN

SUBJECT: Roberta Karmael - Appointment
11:00 a.m. Tuesday, July 5, The Oval Office

On Thursday you indicated you wished to interview Roberta Karmael for the vacancy on the SEC.

As we agreed, I called Harold Williams and told him you would be interviewing Karmael with the view to offering the position. Williams recommended that you also interview Fleischer, his candidate. I told him that if your interview with Karmael was satisfactory, you would probably offer her the appointment, and consequently not interview Fleischer.

Karmael is well-qualified, and the appointment of a woman on the SEC would be a major plus.

Material previously submitted is attached.

Electrostatic Copy Made
for Preservation Purposes

Ham
Interview *Karmel*
J

TO: PRESIDENT CARTER

FROM: HAMILTON JORDAN *H.J.*

RE: SEC

As I told you, Harold Williams asked that you "respectfully reconsider" your inclination to appoint Karmel.

I would recommend that you proceed with Karmel. She is well qualified, and on reflection, it seems that a strong chairman should be able to lead a five member board. I don't consider Williams' arguments to be overwhelming.

I would recommend that you proceed with Karmel. If you wanted to, you could invite Williams in to see you on this, but I believe that this would make it more difficult for you to reject his request for Fleischer. I would propose that I call him and tell him that you have such great confidence in him and his abilities to lead the SEC that you feel like you can and should appoint Karmel at this particular point in time.

COMMISSIONER, SECURITIES & EXCHANGE COMMISSION

Roberta Karmel

40

New York, N.Y.

Lawyer, Rogers & Wells, New York, New York (Partner).
Was with SEC New York Regional Office from August 1962
to January 1969. *6 1/2 yrs*

COMMENTS:

Milton Freeman, Partner, Arnold & Porter: Have known her 10 years. She is able, competent and has good judgment. Of the same calibre as Ken Bialkin, Art Fleischer--probably higher than one of these.

Malan Frankhauser, Partner, Kirkland, Ellis & Rowe; previously Regional Administrator, NY Regional Office, SEC: Has been active in securities law and has a fine reputation there. Seen as capable by the "Street." She is tough and administered branches of attorneys and did a very fine job.

Ed Fleischman, Partner, Beekman & Bogue, N. Y.: "Brilliant and most thoughtful observer of securities industry and development of securities law, besides being a good lawyer. She is as well known in securities industry as any person her age, regardless of sex."

Donald Schwartz, Prof., Securities Law, Georgetown University Law Center: "Extremely able. Qualified with distinction. I might be inclined to appoint Roberta Karmel instead of Fleischer because he's been conservative lately. Bialkin would be my first choice, Karmel my second; but I could go with her first."

Harry Huge, Partner, Rogovin, Stern & Huge, Washington: "Very, very good. Knowledge of securities is just great--broad range of experience. She is very strong on the side of investors and strong on disclosure. She is relatively young."

Business:

26 Hopke Avenue
Hastings-on-Hudson
New York 10706

200 Park Avenue
New York, N.Y. 10017
212 972-7000

Personal Data:

Born: May 4, 1937 - Chicago, Illinois
Married - 4 Children

PRESENT EMPLOYMENT:

Rogers & Wells
200 Park Avenue
New York, New York 10017
Partner
September 1972 - present

Brooklyn Law School
250 Joralemon Street
Brooklyn, New York 11201
Adjunct Professor
September, 1973 - present

PRIOR EMPLOYMENT

Willkie Farr & Gallagher
One Chase Manhattan Plaza
New York, New York 10005
Associate
January 1969 - August 1972

Securities and Exchange Commission
New York Regional Office
26 Federal Plaza
New York, New York 10007
Assistant Regional Administrator
Attorney Branch Chief
Attorney
August 1962 - January 1969

PROFESSIONAL ASSOCIATIONS:

American Bar Association
Committee on Securities Regulation - 1973 - present
Association of the Bar of the City of New York
Committee on Professional Responsibility - 1976 - present
Committee on Securities Regulation - 1973 - 1976
Chairperson, Subcommittee on Broker-Dealer Regulation
and Underwriting - 1975 - 1976
Committee on Administrative Law - 1970 - 1973
New York Women's Bar Association
American Arbitration Association
Panel of Arbitrators
American Judicature Society

BAR ADMISSIONS:

State of New York - 1962

United States District Courts:

Southern and Eastern Districts of New York - 1964

United States Court of Appeals for the Second Circuit - 1968

United States Supreme Court - 1968

LEGAL EDUCATION:

New York University School of Law - LL.B. 1962 - Cum Laude

Class Standing: 5/252

The Order of the Coif

Founders Day Award

Dean's List

Law Review, Associate Editor

Restatement, Foreign Relations Law of the United States,
Research Associate

Annual Survey of American Law, Vice-Chairman, Board of
Student Editors

Moot Court Competition, Semi-Finalist

Florence Allen Scholar

Annotated Reports System Prizes: Constitutional Law; Trusts

COLLEGE EDUCATION:

Radcliffe College - B. A. 1959 - Cum Laude

PUBLICATIONS:

"The Investment Banker and the Credit Regulations," 45
N.Y.U.L. Review 59 (1970), Reprinted in 164 N.Y.L.J.
Nos. 24-27 (Aug. 4-7, 1970)

"The Applicability of the Margin Regulations to Foreign
Financial Institutions," 4 International Lawyer 496 (1970)

"Margin Regulations Updated," 4 Review of Securities
Regulation 832 (1971)

"Attorneys' Securities Laws Liabilities," 27 Business Lawyer
1153 (1972), Awarded First Prize, Business Lawyer Prize
Competition for 1971-72

"Short Selling," 6 Review of Securities Regulation 975 (1973),
Reprinted in 5 Securities Law Review 531 (1973)

"Taking Stock of the Court's Jurisdiction in a SIPA Liquidation,"
41 Brooklyn Law Review 1 (1974)

"Attorneys' Responsibilities: Adversaries at the Bar of the SEC",
24 Emory L. Journal 747 (1975).

THE WHITE HOUSE
WASHINGTON

June 5, 1977

Stu Eizenstat

The attached was returned in
the President's outbox and is
sent to you for forwarding to
Jim Schlesinger.

Rick Hutcheson

Re: Disposition of North Slope
Crude Oil

**Electrostatic Copy Made
for Preservation Purposes**

THE PRESIDENT HAS SEEN.

THE WHITE HOUSE

WASHINGTON

*Shi -
forward to
Jim
-J*

TO: The President
FROM: Jim Schlesinger
SUBJECT: DISPOSITION OF NORTH SLOPE CRUDE OIL



Oil from Prudhoe Bay will be loaded on tankers later this month with the expectation that flows through the Alyeska pipeline will rise to 1.2 million barrels per day by late August or early September. West Coast refiners can absorb approximately 600,000 barrels per day. The balance will have to either be:

1. shipped in tankers through the Panama Canal to the Gulf Coast;
2. swapped with Japan for Persian Gulf crude delivered to East or Gulf Coast ports;
3. shipped east to Gulf Coast refiners through a new West-to-East pipeline system.

Since completion of such a new pipeline system is at best several years off, shipment through the Canal or swaps are the only viable alternatives during this interim period.

Swaps can be undertaken only if you submit findings to the Congress that such transactions:

1. will decrease oil prices (presumably through transportation savings);
2. are in the national interest;

and neither House of Congress disapproves within 60 days.

Since swaps do not require American tankers while trans-shipment through the Canal does, (the Jones Act requires American ships if goods are moved from one American port to another), a decision as between these alternatives is needed to allow shipping and oil interests to identify the right kind of vessels to assure timely movement of the oil.

While swaps may save up to several hundred million dollars in transportation costs per year, I reluctantly advise against them because:

1. it may be impossible to devise controls that will assure such transportation savings are passed on to consumers;
2. the educational campaign that would be needed to overcome the emotional opposition to "exports" of American oil may well be impossible to successfully undertake in the midst of Congressional consideration of the National Energy Plan.
3. government endorsement of swaps could undercut the efforts to develop permanent new West-to-East transportation systems.

Senator Jackson has told me that while he presently favors swaps, he believes their implementation at this time will be politically impossible. Congressman Dingell is representative of a large group of present House members who are adamantly opposed to swaps.

The oil companies have already contracted for enough U.S. tankers to move 500,000 barrels per day to California and another 500,000 barrels per day to the Gulf through the Canal. I do not believe the effort that will be needed to secure the authority to move the remaining 200,000 barrels per day to Japan is worth the price.

An early decision on your part will enable the Maritime Administration and the oil companies to identify enough tankers -- perhaps requiring Jones Act waivers -- to move the remaining 200,000 barrels per day without swaps.

Decision

Prepare an announcement indicating that:

1. Swaps will not be sought; shipment through the Canal will suffice in the short-term as construction of longer range, permanent transportation systems are pursued.
2. Authority to swap will be sought.
3. Further discussion is needed.

✓

J.C.

THE WHITE HOUSE
WASHINGTON

July 5, 1977

Frank Moore

The attached was returned in
the President's outbox. It is
forwarded to you for your
information.

Rick Hutcheson

Re: Congressman Rinaldo

THE WHITE HOUSE
WASHINGTON

*I know he'll
I think with
slide us -*

TUESDAY - JULY 5, 1977

MR. PRESIDENT

CONGRESSMAN RINALDO

RETURNED YOUR CALL.

HE WILL BE IN HIS OFFICE

FROM 2:30 P.M. UNTIL 4:00.

T.K.

**Electrostatic Copy Made
for Preservation Purposes**

THE WHITE HOUSE
WASHINGTON

July 5, 1977

Jody Powell -

The attached was returned in
the President's outbox. It is
forwarded to you for appropriate
handling.

Rick Hutcheson

Re: Tosco Corporation Ad
dd

The salient energy fact of our time is that the American public does not understand the perils that confront it.

President Carter's April 20 address to Congress was the only realistic assessment of the inexorably mounting crisis in American energy use and supply ever presented by an American President. One can quibble with details of course, but what a departure it was from the "energy independence in our time" that was the message of preceding Administrations. Indeed, if the President's summary of the energy problem was flawed it was because he minimized the gravity of the crisis.

And yet, with a few exceptions, the address and the Message to Congress which followed it have been met chiefly with criticism from industry, labor and political and regional interests.

Of course, considerable criticism can be justified; and especially from its self-interested standpoint, Tosco could offer extensive criticism of the failure to address the immediate need and opportunity for synthetic fuels.

We won't, for two reasons. First, because knowing the urgent gravity and complexity of the problem, we know that it is not possible to address the basic issues honestly in a way that is not subject to criticism by significant numbers of serious people equally dedicated to proceeding with a meaningful program.

And second, because to do so would be to reverse the horse and the cart, to proceed with the prognosis for recovery from a disease whose existence has not as yet been adequately acknowledged. On April 30, after ten days of government emphasis on the issue, polls showed that only 54% of Americans even believed that there existed an energy problem serious enough to justify the President's concern.

That is the salient energy fact of our time—that the American public does not yet understand the peril that confronts it and the free world. It does not understand that at present world rates of growth of demand, and even assuming unlikely ideal economic and political environments for new exploration and production, it is probable that in the next ten years or so the free world will face universal rationing of supplies of oil and gas. Can anyone believe today that such a dilemma, come upon us and the other industrial nations unprepared, will on short notice be resolved by peaceful means?

Ten years is no time at all for the development of new supply, or of domestic and international systems to enable peaceful adjustment to the lack of it. In ten years of obvious need and mounting tension we have not even been able to arrive at truly cooperative mechanisms with our nearest and closest ally, relatively oil-rich Canada. How shall we arrange matters with desperately oil-short Japan, or Germany, or Italy? Will our collective self-restraint then, in the face of Arabian production controls, be as massive as our present collective apathy? We fear not.

An energy policy to reduce our dependency and cushion the shock of coming shortages is "The moral equivalent of war", President Carter said. That is quite literally correct. He might have said, the moral alternative — perhaps the only alternative — to war.

Lack of broad public understanding has become genuinely frightening to those of us who know and live with the data, and have done so for years. In America in the last 15 years we have learned that although a vigorous 10% or less of the population can bring cooperative action to a stop, 54% of it may not be enough to dissolve factional

interests into workable national programs. The monumental Civil Rights Act could not pass until after President Kennedy's death; the Vietnam conflict could not be resolved until one President toppled and another shook.

It is no answer that the energy problem is too abstruse or technologically complex to be understood. It is exactly that to which Professor Bronowski referred in the last episode of the televised series "The Ascent of Man". He said that our society must now raise the common level of its knowledge, or perish in the problems it has made. No lesson of the past is more unequivocal: although man has a stubborn and tenacious way of surviving, the societies that he makes are fragile, and capable of disappearing almost without a trace.

Those of us who do know and understand the energy problem must do all that we can to raise the common level of knowledge of the dissolving crisis that can come, so that we can together be alarmed into constructive action. When we have awakened understanding it will be time enough to debate over the relative emphasis of particular programs. We must first create a national environment of understanding in which action is possible; we must give our support to a *start* on improved efficiency of use, and on improved supplies now. For those beginnings, even awkwardly designed or incomplete ones, will produce information and will breed further knowledge — and then we can hope to do better, and then better still, and perhaps in time we will find the necessary ways to accommodate to the change that is inevitable.

And so Tosco supports the President's program and asks you to do the same, and to give voice to your support, to your representatives in Congress and to your friends. For the sake of children now eight or ten or twelve we must do what we can to begin to search for the costly and complex, peaceful way, lest in ten years or so they become the sacrifice to our institutional and personal lethargy.

In 1972 Tosco, addressing an energy conference of the American Mining Congress at San Francisco, said, "You have heard that by 1980 about half of our own liquid petroleum supplies may be imported. Since those supplies must come largely from insecure trading sources and we must win them in competition with other foreign purchasers, an unprecedented challenge is now arising to existing mechanisms for the peaceful allocation of the world's resources. With or without new international arrangements for allocation of energy, it is not at all clear that the United States can acquire abroad, through the '80's, all of the petroleum it appears to need. But without those arrangements its prospects of doing so securely and peacefully are less. Yet not even in respect to Canada, with its conventional oil and gas and more than 200 billion barrels of potentially recoverable tar sands crude, have durable international energy arrangements been made; and the hour is growing late".

That is a fitting note on which, once again — five years later — to close.

Excerpt from an address by Morton M. Winston, President of Tosco, at the Annual Meeting, May 18, 1977, in Los Angeles.



Tosco Corporation

10100 Santa Monica Boulevard, Los Angeles, California 90067

PETROLEUM REFINING • OIL SHALE • COAL

**Electrostatic Copy Made
for Preservation Purposes**

THE WHITE HOUSE
WASHINGTON

July 5, 1977

Stu Eizenstat

The attached was returned in
the President's outbox. It is
forwarded to you for your
information.

Rick Hutcheson

Re: Canadian National Energy Board's
Decision on Natural Gas
Pipeline Applications

THE PRESIDENT HAS SEEN.

sh
info
J

THE WHITE HOUSE

WASHINGTON

Electrostatic Copy Made
for Preservation Purposes

July 5, 1977

MEMORANDUM FOR:

THE PRESIDENT

FROM:

JIM SCHLESINGER

✓

SUBJECT: Canadian National Energy Board's Decision on
Natural Gas Pipeline Applications

Last night the National Energy Board issued its decision on northern natural gas pipelines. This decision will now be reviewed by the Canadian Government in a timeframe consistent with your need to send a decision to the Congress by September 1, 1977.

The critical points in that decision are:

- The Arctic Gas application for a route across the North Slope and through the Mackenzie Delta in Canada south to the United States was denied on the grounds that the route in the Northern Yukon was "environmentally unacceptable."
- The Alcan application for a pipeline along the Alyeska route and then south through Canada along the Alcan Highway was conditionally approved. The NEB requires that this project be re-routed through Dawson City, moving the line several hundred miles closer to the Mackenzie Delta.
 - o The NEB estimates that this re-routing will cost U.S. consumers approximately 6¢ per Mcf, while saving Canadian consumers approximately 12¢ per Mcf.
 - o An environmental analysis of the Dawson City re-routing requires "immediate study" and subsequent additional filings with the NEB.
- The Canadian Foothills proposal to transport Mackenzie Delta gas was rejected, but the NEB approved in theory a Dempster Highway route that would connect with the Alcan line at Dawson City even though no such application was before it. The Alcan applicants are required to file an application for such a route by July 1, 1979.

- The Alcan Pipeline owners will be required to pay an amount not to exceed \$200 million to help meet socio-economic impact costs north of the 60th parallel.
- The separate Canadian corporate entities that proposed to build the Alcan line in Canada are required to reorganize their corporate structure so that one Canadian company owns the controlling interest in all the Canadian facilities.
- The NEB also noted that Mackenzie Delta gas would not be needed until 1990 if American exports were phased-out in the near future. The Board stated that it could not recommend such a phase-out, however, and estimated that Mackenzie Delta gas might therefore be needed as early as 1984.

THE WHITE HOUSE
WASHINGTON

July 5, 1977

Gretchen Poston

The attached was returned in
the President's outbox. It is
forwarded to you for appropriate
handling.

Rick Hutcheson

Re: Schmidt After-Dinner
Andreotti Dinner & After-Dinner

THE PRESIDENT HAS SEEN.
THE WHITE HOUSE
WASHINGTON

**Electrostatic Copy Made
for Preservation Purposes**

July 5, 1977

MEMORANDUM TO: THE PRESIDENT
FROM: GRETCHEN POSTON *GP*
SUBJECT: SCHMIDT AFTER-DINNER
ANDREOTTI DINNER & AFTER-DINNER

Attached are 3 lists for your approval.

Mrs. Carter has seen them and approved the lists.

Schmidt After-Dinner approved ✓

Andreotti Dinner approved ✓

Andreotti After-Dinner approved ✓

JC

Personal

Mr. and Mrs. Arthur W. Arundel, Arlington, Virginia
 President, Arundel Communications - Virginia Finance Chairman
 Mr. and Mrs. James Bland, Philadelphia, Penna.
 (Bunny Mitchell suggested - grassroots campaign worker)
 State Senator and Mrs. John P. Corderman, Hagerstown, Md.
 (Suggested by Md. Coordinator - Arnie Miller)
 Mr. and Mrs. Mike Milanovich, Virginia Beach, Va.
 (Suggested by Jack and Judy Carter)
 Mr. and Mrs. Ron Brown, Washington, D. C.
 (Urban League - suggested by Ben Brown)
 Senator and Mrs. Herman Holloway, Wilmington, Del.
 Suggested by Ben Brown
 Hon. and Mrs. Henry L. Marsh, Richmond, Virginia
 Mayor of Richmond - suggested by Ben Brown
 Ms. Harriet Greenwald, Tenafly, N. J.
 (Suggested by Judy Carter)
 Mr. and Mrs. George Dillard, Decatur, Ga.
 Suggested by Dot Padgett
 Mr. and Mrs. John Schenefield, Richmond, Va.
 Suggested by Scott Burnett
 Mr. Joseph Gebhardt, Bethesda, Md.
 DNC suggestion - DNC's Commission on Presidential Nomination
 and Party Structure - public interest authority
 Ms. Charlotte Ermoian - New York City
 Arthur Krim's Assistant - Was very helpful at Convention, etc.
 Mr. and Mrs. Harley Frankel, Arlington, Va.
 DNC - Fall campaign; Research consultant with Children's
 Defense Fund)
 Mr. and Mrs. Bill Wester, Washington, D. C.
 Executive Director, Senate Campaign Committee

Congressional List - Approved by Frank Moore

Mr. James Free - WH Congressional Liaison
 Mr. Ari Weiss - Staff, Speaker O'Neill
 Mr. Fowler West - House Agriculture Committee
 Mr. Ken Bowler - House Ways and Means Committee
 Mr. Al Parker - House Judiciary Committee
 Mr. Robert Thomson - WH Senate Liaison
 Mr. Daniel Dreyfus - Deputy Staff Director, Committee on Energy
 and Natural Resources - Senate
 Mr. Joseph Stewart - Chief Counsel, Senate Democratic Conference
 Mr. Thomas Allison - Committee on Commerce, Science, and
 Transportation - Senate
 Mr. Richard Wegman - Chief Counsel and Staff Director, Governmental
 Affairs Committee - Senate

Vice President

Mr. and Mrs. Robert Bernstein - Washington, D. C.
 Ms. Susan Tannenbaum and guest - Washington, D. C.

West Wing

Mr. Rick Hutcheson
 Mr. and Mrs. Jim King

East Wing

Mr. and Mrs. Larry Merthan (Rita Merthan)
 Ms. Barbara Block Mr. and Mrs. John Mischeaux

NSC Staff - Handling Visit

Mr. and Mrs. Gregory Treverton
 Mr. Robert E. Hunter

Press

Mr. Larry Feinberg - Washington Post

State Dept.

Dr. Richard N. Cooper - Under Secretary for Economic Affairs
Mr. and Mrs. Matthew Nimetz - Counselor of the Department
Dr. and Mrs. Joseph Nye (Deputy to the Under Secretary of
State for Security Assistance)
Ms. Patricia Derian - Coordinator for Human Rights and Humanitarian
Affairs
Mr. and Mrs. Richard D. Vine - Deputy Assistant Secretary - European Affairs
Mr. David Anderson - Director, Office of Central European Affairs
Dr. and Mrs. Ronald B. Casagrande - Office of Central European Affairs
Miss Susan M. Klingaman - Office of Central European Affairs

Embassy

Rear Admiral and Mrs. Kurt F. Seizinger, Defense Attache
Mr. and Mrs. Hans-Michael Ruyter, Minister
Mr. Peter Bazing, Minister Counselor

Unofficial Party Accompanying the Chancellor - total 8

Non-Government

Mr. and Mrs. Ernest Lee - Director, Department of International
Affairs - AFL-CIO
The Reverend Timothy S. Healy, S. J. - President, Georgetown University
Chancellor Schmidt received an honorary degree from Johns
Hopkins University, July 1976
Mr. and Mrs. Benjamin H. Read - President, German Marshall Fund
Mr. and Mrs. Michael Collins - Director, Air and Space Museum, Smithsonian
Chancellor Schmidt opened the Einstein Spacearium at the Air
and Space Museum last July

Department of Treasury

Dr. and Mrs. C. Fred Bergsten - Asst. Secy. for International Affairs

Department of Labor

Mr. and Mrs. Robert Brown - Under Secretary
Mr. and Mrs. Howard Samuel - Deputy Under Secretary for International
Affairs

Department of Defense

Admiral and Mrs. James L. Holloway - Chief of Naval Operations
Mr. and Mrs. David E. McGiffert - Assistant Secretary for International
Security Affairs
Mr. Ralph H. Jefferson - Deputy Director, European Region

Suggested Guest List for Prime Minister Andreotti - Italy - July 26

Approved by Dr. Brzezinski

Italy

H. E. Giulio Andreotti
Ambassador and Mrs. Roberto Gaja
9 other members of the official Italian party

U. S.

The President and Mrs. Carter
The Vice President and Ms. Eleanor Jane Mondale (Mrs. Mondale regrets)
The Secretary of State and Mrs. Vance
The Secretary of the Treasury and Mrs. Blumenthal
The Secretary of Labor and Mrs. Marshall
The Secretary of HEW and Mrs. Califano
Dr. and Mrs. Zbigniew Brzezinski
Deputy Secretary of State and Mrs. Warren Christopher
Assistant Secretary of State for European Affairs and Mrs. George Vest
Chief of Protocol and Mrs. Evan Dobelle
Ambassador to Italy Richard N. Gardner
U. N. Ambassador and Mrs. Andrew Young
Justice and Mrs. Potter Stewart
Deputy Assistant to the President and Mrs. David Aaron

Suggested by State/NSC

Mr. and Mrs. James Binger
Chairman of Executive Committee - Honeywell
Minneapolis, Minn. (large volume industrial controls in Italy)
Mr. and Mrs. F. Perry Wilson
Chairman of the Board - Union Carbide Corporation
(major chemical plants in Italy)
Professor and Mrs. Franco Modigliani
Department of Economics - MIT
Cambridge, Mass. - expert on Italian economy)
Mr. and Mrs. Harold Potchtar
President, Italy-American Chamber of Commerce
New York, New York

Personal List

Mr. and Mrs. Tim Kraft
Mr. and Mrs. Mark Siegel
Ms. Midge Costanza
Mr. and Mrs. Richard Allen - Fayetteville, N. C.
Member of Executive Committee of DNC Finance Council (DNC)
Mr. and Mrs. Dominic Baranello - New York, New York
Chairman, New York State Democratic Party (DNC and Tim Kraft)
Mr. and Mrs. Henry Braden IV - New Orleans, La.
Member of DNC Executive Committee (DNC)
Honorable and Mrs. Nick Carbone - Hartford, Conn.
City Councilman; early supporter (Tim Kraft & Mark Siegel)
Mr. and Mrs. Larry Cervini - Oak Park, Ill.
Chicago, businessman - early supporter (DNC)
Mr. and Mrs. John Cox - Atlanta, Georgia
Consultant, Delta Airlines (Dot Padgett)
Mr. Floyd Gillotti - Des Moines, Iowa (Tim Kraft)
The Honorable Ella Grasso and Mrs. Grasso
Governor of Connecticut - (Ham Jordan)
Mr. and Mrs. Sam Harris - New York, New York
DNC recommended - helped with NYC dinner)
Ms. Ruby Jackson - Madison, Wisconsin
Wisconsin Education Association Council
Carter delegate - recommended by Ben Brown
Mr. and Mrs. Peter Kelly - Hartford, Conn.
Member of Executive Committee of DNC Finance Council
Mr. and Mrs. Robert Moretti - Sacramento, California
Former Speaker of California Assembly (Tim Kraft)
Mr. and Mrs. Charles T. Manett - Los Angeles, California
former Chairman of California State Democratic Party - Finance Council

Page 2 - Prime Minister Andreotti Dinner list

Mr. and Mrs. Paul Pelosi - San Francisco, California
(Mrs. Pelosi is N. Calif. Democratic Chairperson - DNC and Chip)
Mr. and Mrs. John Ryor - Washington, D. C.
President, Nat'l. Education Association (Landon Butler)
Mr. and Mrs. Dale Sights - Robards, Kentucky
Early supporter (Frank Moore)
Mr. and Mrs. Lewis Vidal - Hampton, Iowa
Mrs. Vidal is DNC Committeewoman from Iowa (DNC)

Mr. and Mrs. J. C. Kennedy - Layton, Oklahoma
Mrs. Carter's personal list

Congressional List - Approved by Frank Moore

Speaker Tip O'Neill
Rep. Frank Annunzio
Rep. Peter Rodino
Rep. Joseph LeFante
Rep. Silvio Conte
Rep. John Dent

Alternates: Rep. Mario Biaggi
Rep. Tim Wirth

Senator Robert Byrd
Senator Joseph Biden
Senator John C. Culver
Senator Pat Leahy
Senator Gaylord Nelson

Suggested by Mrs. Danielle Gardner to Dr. Brzezinski

Mr. Dominick Seaglione - NYC - Chase Manhattan Bank
Mr. Albert Shrager - Publisher, Italian American Monthly

Suggested by Vice President Mondale

Mr. and Mrs. F. G. Hamilton - Minnetonka, Minn.
Mr. and Mrs. Jeno Paulucci - Minneapolis, Minn. (also by Danielle Gardner)

Press - Approved by Jody Powell and Mary Hoyt

Mr. and Mrs. (Elenore) Clift - Newsweek
Ms. Helen Thomas - UPI
Ms. Margaret Osmer - ABC

Suggested by Gretchen Poston

The Most Reverend Jean Jadot, Apostolic Delegate from the Vatican
The Most Reverend Joseph L. Bernardin, President, National Council
of Catholic Bishops
John Cardinal Krol - Philadelphia, Pennsylvania
Ms. Shirley Verette - New York, New York (entertainer)

Congressional List - Approved by Frank Moore

Ms. Valerie Pinson - WH Congressional Liaison Staff
Mr. Dan Cohen - Judiciary Committee
Mr. John Shermer - Ways and Means Committee
Mr. Red Swift - Aide to Rep. Carl Perkins
Mr. Frank Potter - Energy and Power Subcommittee

Mr. William Cochrane - Staff Director, Committee on Rules
and Administration

Mr. Stephen J. Paradise - General Counsel - Human Resources

Mr. Leon G. Billings - Environment and Public Works

Mr. James P. Walsh - Commerce, Science, Transportation

Mr. Michael Harvey - Chief Counsel, Energy and Natural Resources

Mr. and Mrs. Kenneth Wilson - Baltimore, Md.
Afro-American newspapers - President

Mr. and Mrs. Meyer Tenenbaum - Savannah, Georgia
Sam Tenenbaums' parents (father is dying of cancer)

Mr. and Mrs. Warren Colegrove (Red and Charlotte)
Annapolis, Md. - classmate at Naval Academy

Mrs. Evelyn Jefferson Fox (Jeff) - Salisbury, Md.
Mrs. Carter's lists - Carter delegate

Mr. and Mrs. Ival Cianchette - Pittsfield, Maine
DNC Finance Council member

Hon. and Mrs. Herman Harris - Montgomery, Alabama
DNC - City Councilman in Montgomery - Carter delegate

Mr. Elmer Cooper - Arlington, Va.
Campaigned in midwestern states with Ben Brown

Ms. Marina Gentilini - Washington, D. C.
Carter campaign volunteer - Agriculture Dept. employee

Ms. Louise Keelty - Baltimore, Md.
Attorney - early supporter - suggested by Arnie Miller & DNC

Ms. Mary Harrill - Richmond, Va.
Insurance company employee - worked at DNC headquarters during
primaries and general elections

Dr. and Mrs. Charles Yarn - Atlanta, Georgia
Mrs. Jane Yarn - headed up Conservationists for Carter (Dot Padgett)

Mr. and Mrs. Edward Hidalgo - Asst. Secy. for Manpower, Reserve
Affairs and Logistics - Department of the Navy

Mr. and Mrs. David Dunn - c/o DNC - Washington, D. C.
Director, Field Operations - former Fla. Campaign Manager

Mr. John Milliken - Washington, D. C.
Administrative Assistant to Cong. Joe Fisher of Va.

Mr. Robert Stigwood and guest - New York, New York
film-maker - (Suggested by Landon Butler)

Mr. and Mrs. Barry London - Washington, D. C.
Mr. and Mrs. Martin Agronsky - Washington, D. C.

Mr. and Mrs. Landon Butler - Deputy Assistant to the President

Ms. Angela Corley
Mrs. Carolyn Sintelli Burns

Ms. Nancy Lewis - Cox Newspapers

Miss Edwina Palanzo - NSC

Visiting Italian Party (6)

Minister and Mrs. Giulio Tamagnini
Minister Counselor and Mrs. Marcello Serafini
Brigadier General and Mrs. Fernando Buttelli

NSC suggestions continued

Italian Press Corps in Washington

Mr. and Mrs. Marino De Medici

Il Tempo

Mr. and Mrs. Aldo Bagnalasta - ANSA News Agency

Mr. and Mrs. Marcello Spaccarelli - Il Popolo

Mr. and Mrs. Girolamo Modesti - La Nazione, Resto del Carlino, and Roma

Mr. and Mrs. Vittorio Zucconi - La Stampa

Congressional List - from NSC approval

Mr. and Mrs. Geryld B. Christianson - on staff of Sen. Claiborne Pell
(expert on Southern Europe)

Mr. and Mrs. John Ritch - Senate Foreign Relations Committee
(responsible for European affairs)

Mr. and Mrs. David Rossiter - staff of Sen. Edward Brooke
(active in Italian affairs)

State Department - approved by NSC

Mr. and Mrs. Robert E. Barbour

Deputy Assistant Secretary for European Affairs

Mr. Robert Hunter - NSC (and guest)

Mr. and Mrs. Gregory Treverton - NSC

Mr. and Mrs. Edward Elly - USIA - Italian Desk Officer

Dr. and Mrs. Joseph Annunziata - Department of Defense
Responsible for Italian Affairs in the Pentagon

Mr. and Mrs. Arturo Costantino - AID/SER/ASHA

In charge of our Friuli Earthquake relief program

Mr. and Mrs. Michael A. Ledeen - Georgetown University

Prominent scholar and journalist - expert on Italy

Mr. and Mrs. Enzo De Chiara

American citizen - cousin of Italian President Leone

Monsignor Geno Baroni - Asst. Secy. for HUD
Suggested by State and Fran Voorde

July 4, 1977

THE PRESIDENT HAS SEEN.

TO: The President
FROM: Fran *fran*
RE: Summary of Phone Calls over the Camp David Weekend.

- I. PRESS OFFICE - to inform you of a couple of sensitive questions asked, and their response after consultation with Dr. Brzezinski.
- A. Asking to validate UPI story suggesting the U.S. is considering establishing military base(s) in Israel ---- Answer: highly speculative story, discouraging further development of it, indicating there is no current or past discussions of this idea.
- B. Asking confirmation of TIMES story revealing State Dept. request to White House to allow 15,000 Indochinese refugees to enter this country. Answer: Yes, the request has been received and is currently being reviewed by Dr. Brzezinski and the NSC staff.
- II. HUGH CARTER - On Saturday, President Perez' plane was under repair -- threatening to keep Perez here. It was necessary for him to be home for their Independence celebration Sunday. Hugh volunteered U.S. military aircraft to Perez. The Venezuelan plane was repaired in time --- Perez appreciated very much the offer which Hugh made in your name.
- III. MATTHEW RINALDO (R-N.J.) - Returned the call you placed to him Friday on Monday ---- He will call again sometime after 8:00 a.m. Tuesday.

Electrostatic Copy Made
for Preservation Purposes

THE PRESIDENT HAS SEEN.

THE WHITE HOUSE
WASHINGTON

July 5, 1977

9

MEMORANDUM FOR THE PRESIDENT

FROM: Robert J. Lipshutz *RJL*
SUBJECT: Indian Land Claim -- State of Maine

Bill Gunter called me today to advise of the following information concerning this matter.

He is prepared to submit a final recommendation to you and originally had contemplated bringing it in this week. He had discussed the proposal with the representatives of the Indian tribes and with the Congressional delegation, but has not received the approval of the representatives of the Indian tribes for the proposed settlement.

However, he has received a call from the attorney for the tribes indicating that the proposal, with a couple of modifications, might yet be accepted by them. This attorney requested a delay of about one week to see if he can get his clients to agree to the proposal, and Bill Gunter felt that it was definitely worthwhile to do so. Therefore, he is now planning to submit his proposal to you, with or without the consent of the Indian tribes' representatives, on or before July 15.

Although there are still other parties who have to agree to this settlement of the matter, such as the State of Maine and the Congressional delegation and the Department of Interior, it is my belief that these parties probably will agree to it if we reach an agreement between your representative and the Indian tribes themselves.

I will keep you advised.

Electrostatic Copy Made
for Preservation Purposes

THE WHITE HOUSE
WASHINGTON

July 5, 1977

Frank Moore
Z. Brzezinski
Bert Lance

The attached was returned in
the President's outbox and is
returned to you for your infor-
mation and appropriate action.

Rick Hutcheson

Re: Defense Officer Personnel
Management Act

THE WHITE HOUSE
WASHINGTON

ACTION
FYI

| | |
|---|-----------|
| | MONDALE |
| | COSTANZA |
| | EIZENSTAT |
| | JORDAN |
| | LIPSHUTZ |
| X | MOORE |
| | POWELL |
| | WATSON |

| | |
|--|---|
| | ENROLLED BILL |
| | AGENCY REPORT |
| | CAB DECISION |
| | EXECUTIVE ORDER |
| | Comments due to Carp/Huron within 48 hours; due to Staff Secretary next day |

| | |
|---|---------------------------|
| | FOR STAFFING |
| | FOR INFORMATION |
| X | FROM PRESIDENT'S OUTBOX |
| | LOG IN/TO PRESIDENT TODAY |
| | IMMEDIATE TURNAROUND |

| | |
|---|------------|
| | ARAGON |
| | BOURNE |
| X | BRZEZINSKI |
| | BUTLER |
| | CARP |
| | H. CARTER |
| | CLOUGH |
| | FALLOWS |
| | FIRST LADY |
| | GAMMILL |
| | HARDEN |
| | HOYT |
| | HUTCHESON |
| | JAGODA |
| | KING |

| | |
|---|--------------|
| | KRAFT |
| X | LANCE |
| | LINDER |
| | MITCHELL |
| | POSTON |
| | PRESS |
| | B. RAINWATER |
| | SCHLESINGER |
| | SCHNEIDERS |
| | SCHULTZE |
| | SIEGEL |
| | SMITH |
| | STRAUSS |
| | WELLS |
| | VOORDE |



THE PRESIDENT HAS SEEN.

EXECUTIVE OFFICE OF THE PRESIDENT
OFFICE OF MANAGEMENT AND BUDGET
WASHINGTON, D.C. 20503

JUN 29 1977

MEMORANDUM FOR: THE PRESIDENT
FROM: Bert Lance *BL*
SUBJECT: Defense Officer Personnel Management Act

On several occasions, you have expressed concern about the number of field grade officers in the military services. In light of this concern, it is important to bring to your attention a proposal contained in the Department of Defense legislative program for FY 1978. The Defense Officer Personnel Management Act (DOPMA) represents a most important opportunity to influence military personnel management as well as the size of the career force. Attached is a chart which compares DOPMA with the present law.

Shorter version of Lance memo, prepared by
OMB, is attached.

DEFENSE OFFICER PERSONNEL MANAGEMENT ACT (DOPMA)

Purpose of the Legislation. DOPMA would revise the laws regarding appointment, promotion, separation, and retirement of commissioned officers below general. The Officer Personnel Management Act of 1947 and the Officer Grade Limitation Act of 1954, the two major statutes governing the management and grade distribution of officers, contain many unwarranted differences among services which DOPMA would eliminate. DOPMA would:

- Provide new statutory limitations on the number of officers who may serve in the senior grades below general.
- Establish a single promotion system for each service replacing the dual temporary and permanent promotion systems of the Army and Air Force.
- Allow only regular officers to remain on active duty past 11 years. Reserve officers either would become regulars by that point or be released from active duty.
- Retain the present "up-or-out" system and create common provisions governing tenure, and mandatory separation and retirement.
- Provide the Air Force with a permanent grade authorization in line with the other services, eliminating the need for temporary authorizations.
- Provide greater equity for female officers.

DOPMA, however, is based upon officer career management criteria rather than a calculation of military mission needs.

Background: DOPMA complies with a 1972 Congressional demand for a review of the Officer Personnel Systems. The bill was first submitted in 1974 and in 1976 it was overwhelmingly passed by the House. The Senate, however, has held only limited hearings and expressed reservations about some aspects of the bill.

Separation Pay. When the Department submitted DOPMA to both the 93rd and 94th Congresses, it anticipated simultaneous enactment of DOPMA and the Retirement Modernization Act (RMA). This Administration has, however, decided not to resubmit RMA but refer military retirement to a Commission on Military Compensation.

The RMA called for major revisions in the entire military retirement system. For officers, it would have continued to provide immediate severance pay to those involuntarily separated with 5 or more years of service and who fall short of retirement eligibility. However, when the House passed DOPMA last year, it extracted the lump-sum provision from RMA and, with modifications, incorporated it into DOPMA. The modifications increased the maximum severance pay from \$15,000 to \$30,000. Defense's current version of DOPMA incorporates this change.

Cost. DOPMA was not designed as a cost reduction measure, and in its original form would not have increased the Defense budget. With increased severance pay, however, its first-year cost is estimated at \$31.0M; and it is expected to have a cumulative five-year cost of \$66M.

Other Reviews of DOPMA. DOPMA was reviewed by the Defense Manpower Commission and Congress. The Commission concluded that it should be adopted as an interim measure until a requirements-based system can be developed. The House made only minor revisions except for an increased separation pay. The Senate, through Senator Nunn and his subcommittee, has expressed many reservations especially concerning the fact that its grade authorizations are based on "career opportunity" and not on requirements.

Analysis. DOPMA is an improvement over the current officer personnel management system, but will not dramatically affect the composition or size of the existing officer force. In fact, the grade structure in the FY 78 Budget conforms to DOPMA limitations. While we support a requirements-based system, we believe the short-term benefits of DOPMA are significant enough to permit it to be enacted without such a base.

Alternative #1 - Suspend action on DOPMA until a more requirements - based approach can be developed.

Manpower requirements should be based primarily on the number of people required to respond to threats to our national security. Inasmuch as weapons are developed in anticipation of future threats, it is reasonable to similarly develop manpower requirements. In the "closed" military personnel system, factors such as "career opportunity" must be considered. These factors, however, should not be the driving force. If "career opportunity" is to be a factor, we should know how much of our manpower to ascribe to this factor and how much to ascribe to "pure" requirements. DOPMA was built essentially on the force now in being and not subjected to a test as to whether it may be too liberal. Further DOPMA does not address general officer authorizations and, while it creates greater opportunities for female officers, it would not alter laws which restrict females from combat assignments.

Alternative #2 - Hold DOPMA in abeyance until a new military retirement program is developed.

DOPMA was to operate with the RMA. Defense has indicated that both retirement reform (including revised separation policies) and DOPMA are necessary for improved personnel management. In view of this close relationship and the fact that this Administration will not resubmit RMA, but refer the question of military retirement reform to a Commission on Military Compensation, it may also be appropriate to defer action on DOPMA.

Alternative #3 - Send DOPMA to Congress without increased separation pay.

The Ford Administration, which supported both DOPMA and RMA, never agreed to incorporate the separation pay features of RMA into DOPMA. While DOPMA contains many improvements, they can be accomplished without a five-year cost of \$66M which would result from increasing separation pay. Defense indicates that if DOPMA is enacted only 483 more officers will be involuntarily separated over the five-year period--amounting to an additional cost to the Government of \$137,000 per additional individual separated. Changes in separation pay should await the recommendations of the Commission on Military Compensation.

Alternative #4 - Submit DOPMA to Congress as proposed by DOD with increased separation pay.

Defense believes that DOPMA complies with past Congressional demands and is a more meaningful and efficient personnel system. As a personnel management tool, it is not concerned with quantitative manpower requirements. Defense maintains that requirements can be addressed as part of the annual Planning Programming and Budgeting cycles, as is now done, and that the DOPMA grade tables are upper limits only. They argue that an increase in maximum separation pay from \$15,000 to \$30,000 is necessary because the current maximum was established many years ago and is now inadequate.

OMB Recommendation

Alternative #3 - DOPMA's improvements should not be overlooked. However, since the military departments do not plan to increase significantly the number of officer separations in the near future, there is no compelling reason to modify separation pay at this time. It would be inappropriate to propose changes in military pay in an area where the Commission on Military Compensation should make recommendations.

Decision

| | | |
|----------------|---------|----------------------------------|
| Alternative #1 | _____ | |
| Alternative #2 | _____ | also acceptable to NSC |
| Alternative #3 | _____ ✓ | (OMB recommendation) NSC concurs |
| Alternative #4 | _____ | (DOD recommendation) |

a) Without increased severance pay
 b) Check with Sam Nunn. We
 need to work with him.
 J

Electrostatic Copy Made
 for Preservation Purposes

COMPARISONS OF MAJOR PROVISIONS OF DOPMA TO CURRENT LAW

| <u>Provision</u> | <u>Current Law</u> | <u>DOPMA</u> |
|--------------------------------|--|--|
| Grade Limits | One law sets definite limits on the number and grade distribution of regular officers only. Another law establishes percentage by grade of all officers which vary as force size increases or decreases. | Creates one law where the percentage by grade varies with total officer force size. |
| Career Force | Both Regular and Reserve officers stay on active duty until requirement. | All active duty officers with over 11 years service will be Regular officers. |
| Reductions-In-Force | Only Reserve officers are subjected to reductions in force. Regular officers have tenure guarantees. | Establish procedures permitting DOD to involuntarily separate or retire a percentage of all officers no longer needed. |
| Air Force Grade Authorizations | Air Force officer grade tables are substantially lower than the other services. Temporary legislation has provided higher officer levels for 20 years. | Air Force's grade authorization will be similar to the other services. |
| Promotion System | Army and Air Force officers undergo separate selections for temporary promotion and for permanent promotion. Navy and Marine Corps only undergo a single selection. | A single promotion system will be established for all services. |
| Female officers | Restricts the appointment, promotion, retirement and authority of women officers. Excludes women from combat-related assignments. | Eliminates all restrictions except combat-related assignments. |
| Career Progression | Creates "up-or-out" system. | Retains "up-or-out" system. |

THE WHITE HOUSE

WASHINGTON

Date: June 29, 1977

MEMORANDUM

FOR ACTION:

The Vice President
Stu Eizenstat
Frank Moore
Jack Watson
Zbigniew Brzezinski

FOR INFORMATION:

Hamilton Jordan

FROM: Rick Hutcheson, Staff Secretary

SUBJECT: Bert Lance's memo 6/29/77 re Defense Officer
Personnel Management Act.

**YOUR RESPONSE MUST BE DELIVERED
TO THE STAFF SECRETARY BY:**

TIME: 4:00 PM

DAY: Friday

DATE: July 1, 1977

ACTION REQUESTED:

☒ Your comments

Other:

STAFF RESPONSE:

☐ I concur.

☐ No comment.

Please note other comments below:

PLEASE ATTACH THIS COPY TO MATERIAL SUBMITTED.

If you have any questions or if you anticipate a delay in submitting the required material, please telephone the Staff Secretary immediately. (Telephone, 7052)

MEMORANDUM

NATIONAL SECURITY COUNCIL

July 1, 1977

MEMORANDUM FOR: RICK HUTCHESON
FROM: CHRISTINE DODSON *Christine Dodson*
SUBJECT: Bert Lance's memo of June 29th re
Defense Officer Personnel
Management Act

I can concur with the OMB recommendations of Alternative 3, but could also support Alternative 2, which would hold DOPMA in abeyance until the President's Commission on Military Compensation has completed its work. The latter option would avoid having to modify the Act on the basis of any changes recommended by the Commission.



EXECUTIVE OFFICE OF THE PRESIDENT
OFFICE OF MANAGEMENT AND BUDGET
WASHINGTON, D.C. 20503

JUN 29 1977

MEMORANDUM FOR: THE PRESIDENT
FROM: Bert Lance *BL*
SUBJECT: Defense Officer Personnel Management Act

On several occasions, you have expressed concern about the number of field grade officers in the military services. In light of this concern, it is important to bring to your attention a proposal contained in the Department of Defense legislative program for FY 1978. The Defense Officer Personnel Management Act (DOPMA) represents a most important opportunity to influence military personnel management as well as the size of the career force. Attached is a chart which compares DOPMA with the present law.

Purpose of the Legislation

DOPMA is a major part of the Department of Defense's legislative program. It would revise the laws regarding the appointment, promotion, separation and retirement of commissioned officers below general and flag rank. The Officer Personnel Management Act of 1947 and the Officer Grade Limitation Act of 1954, the two major statutes which govern the management and grade distribution of officers, contain many unwarranted differences among services resulting from the historic origin of the laws. DOPMA would create a more uniform interpretation and application of these laws. Key features of the legislative proposal are:

-- It provides new statutory limitations on the number of officers who may serve in the senior grades below flag and general rank.

-- It establishes a single permanent promotion system for each military service replacing the dual temporary and permanent promotion systems currently used by the Army and Air Force.

-- It essentially allows only regular officers to remain on active duty past 11 years of service. Reserve officers either would become regulars at or before that point or be released from active duty.

-- It retains the present "up-or-out" system and creates common provisions governing tenure and mandatory separation and retirement points.

-- It provides the Air Force, for the first time, with a permanent grade authorization more in line with the other services and eliminates the recurring need for temporary authorizations.

-- It provides greater equity for women by removing limitations which current laws impose on the appointment, promotion, retirement, and authority of female officers.

DOPMA, however, is based upon officer career management criteria rather than a system resulting from a calculation of requirements for officers based on military mission needs.

Background

DOPMA, developed after many years of extensive effort by the Department, complies with a 1972 Congressional directive which demanded a review and revision of the Officer Personnel Systems. The bill would overhaul or eliminate more than 300 sections of current law and codify others. The bill was originally submitted to the 93rd Congress in 1974 and resubmitted to the 94th Congress where, in 1976, it was overwhelmingly passed by the House of Representatives. The Senate, however, has held only limited hearings and expressed reservations about aspects of the bill which will be discussed below.

Separation Pay

When DOPMA was submitted to both the 93rd and 94th Congresses, the Department of Defense anticipated simultaneous enactment of DOPMA and the Retirement Modernization Act (RMA). Your Administration has, however, decided not to resubmit the Retirement Modernization Act but refer military retirement to a Commission on Military Compensation.

The Retirement Modernization Act called for major revisions in the entire military retirement system for both officers and enlisted personnel. With respect to officers, it would have continued the current practice of providing immediate severance pay to those who are involuntarily separated with 5 or more years of service and would have instituted a deferred annuity at age 60 for officers separated short of eligibility for retirement. Presently, officers involuntarily separated receive a lump-sum payment up to \$15,000. However, when the House of Representatives passed DOPMA last year, it extracted the lump-sum option from the Retirement Modernization Act and, with modifications, incorporated it into DOPMA. The modifications increased the maximum amount of severance pay from \$15,000 to \$30,000. The current version of DOPMA proposed by Defense incorporates this change even though the Ford Administration never officially accepted the revision.

Cost

DOPMA was not designed as a cost reduction measure, and in its original form would not have increased the Defense budget. With the incorporation of the increased severance pay, however, its first-year cost is estimated at \$31.0 million; and it is expected to have a cumulative five-year cost of \$66 million.

Other Reviews of DOPMA

DOPMA has been reviewed by the Defense Manpower Commission and the Congress. The Commission concluded that while the proposal contains many valuable features, it should be adopted only as an interim measure until a requirements-based system can be developed. The House of Representatives generally accepted DOPMA and made only minor revisions except for the inclusion of an increased separation pay as discussed above. The Senate, through Senator Nunn and his subcommittee, however, has expressed many reservations about DOPMA, especially with respect to the fact that its grade authorizations are based on "career progression" or "career opportunity" and not justified on mission-based requirements. Senator Nunn has further indicated that he believes no positive action should be taken with respect to DOPMA or military retirement until questions as to the viability of the all-volunteer force are resolved.

Analysis

DOPMA is a definite improvement over the current military officer personnel management system. It simplifies and standardizes many of the current laws and increases the services' abilities to manage officer personnel by removing some of the legal restrictions governing separations. DOPMA, however, will not dramatically affect the composition and the size of the existing officer force. While it will make minor revisions downward in officer grades (substitute more majors for colonels), it essentially underwrites existing officer grade levels. In fact, the current officer grade structure in the FY 1978 President's Budget basically conforms to the DOPMA limitations. While we would support a requirements-based system, we believe the short-term benefits to be derived from DOPMA are significant enough to permit it to be enacted without such a base.

Alternative #1. - Suspend action on DOPMA until a more requirements-based approach can be developed.

Military manpower requirements should be based primarily on the number of people required to respond to threats to our national security. Inasmuch as the Department of Defense develops weapons in anticipation of future threats, it appears reasonable to similarly develop manpower requirements.

It is important to recognize that in the "closed" military personnel system factors such as "career opportunity" must be considered. These factors, however, should not be the driving force. And, if "career opportunity" or "career progression" is to be a factor, we should know fairly definitely how much of our manpower to ascribe to this factor and how much to ascribe to "pure" requirements. DOPMA was built essentially on the force which is currently in being. This force was not subjected to a test as to whether it may, from a "requirements" standpoint, be too liberal. Further, as DOPMA is presently constituted, it does not address flag and general officer authorizations and, while it creates greater opportunities for female officers, it would not alter laws which restrict females from combat assignments.

Alternative #2. - Hold DOPMA in abeyance until the Administration develops a program for military retirement.

DOPMA was designed to operate in conjunction with the Retirement Modernization Act (RMA). Defense has indicated that both retirement reform (including revised separation policies) and DOPMA are necessary to have an improved personnel management system. In view of this close relationship and the fact that your Administration has decided not to resubmit RMA but to refer the question of military retirement reform to a Commission on Military Compensation, it may also be appropriate to defer action on DOPMA.

Alternative #3. - Submit DOPMA to Congress without its increased separation pay provision.

As indicated above, the Ford Administration, which supported both DOPMA and RMA, never officially agreed to incorporating the separation pay features of RMA into DOPMA. While DOPMA contains many needed improvements, these improvements could be accomplished without incurring a five-year cost of \$66 million which would result from the inclusion of the increased separation pay provision. Defense has indicated that if DOPMA is enacted only 483 more officers will be involuntarily separated over the five-year period. This amounts to an additional cost to the Government of \$137,000 per individual. Any changes in separation pay rates should await the outcome of the recommendations of your Commission on Military Compensation.

Alternative #4. - Submit DOPMA to Congress as proposed by the Department of Defense with the provision for increased separation pay.

Defense believes that DOPMA complies with past Congressional demands and provides for a much more meaningful, efficient, equitable and useful personnel system. It is primarily a personnel management tool and does not concern itself essentially with quantitative manpower requirements. Defense maintains that manpower requirements can more effectively be addressed as part of the annual Planning Programming and Budgeting cycles,

which is how they are presently reviewed and determined. The Department further contends that in practice, a system based solely on requirements would require not only a judgment as to which threat scenario the force structure should be built on, but also an ability to accurately forecast qualitative personnel needs of the future. In addition, the statutory grade tables contained in DOPMA are upper limits only. Defense argues that an increase in maximum separation pay from \$15,000 to \$30,000 is necessary due to the fact that the current maximum was established many years ago and now represents an inadequate sum to compensate officers whose careers are cut short.

OMB Recommendation

Alternative #3. DOPMA's improvements should not be overlooked. However, since the military departments do not plan to increase significantly the number of officer separations in the near future, there is no compelling reason to modify separation pay at this time. It would be inappropriate to initiate proposed changes in military pay in an area where your Commission on Military Compensation should make recommendations. This Administration should take a position opposing increased separation pay at this time. Such a position may forestall a repeat in Congress of last year's action by the House.

Decision

| | | |
|----------------|-------|----------------------|
| Alternative #1 | _____ | |
| Alternative #2 | _____ | |
| Alternative #3 | _____ | (OMB recommendation) |
| Alternative #4 | _____ | (DOD recommendation) |

Attachment

COMPARISONS OF MAJOR PROVISIONS OF DOPMA TO CURRENT LAW

| <u>Provision</u> | <u>Current Law</u> | <u>DOPMA</u> |
|--------------------------------|--|--|
| Grade Limits | One law sets definite limits on the number and grade distribution of <u>regular</u> officers only. Another law establishes percentage by grade of <u>all</u> officers which vary as force size increases or decreases. | Creates one law where the percentage by grade varies with total officer force size. |
| Career Force | Both Regular and Reserve officers stay on active duty until requirement. | All active duty officers with over 11 years service will be Regular officers. |
| Reductions-In-Force | Only Reserve officers are subjected to reductions in force. Regular officers have tenure guarantees. | Establish procedures permitting DOD to involuntarily separate or retire a percentage of all officers no longer needed. |
| Air Force Grade Authorizations | Air Force officer grade tables are substantially lower than the other services. Temporary legislation has provided higher officer levels for 20 years. | Air Force's grade authorization will be similar to the other services. |
| Promotion System | Army and Air Force officers undergo separate selections for temporary promotion and for permanent promotion. Navy and Marine Corps only undergo a single selection. | A single promotion system will be established for all services. |
| Female officers | Restricts the appointment, promotion, retirement and authority of women officers. Excludes women from combat-related assignments. | Eliminates all restrictions except combat-related assignments. |
| Career Progression | Creates "up-or-out" system. | Retains "up-or-out" system. |



EXECUTIVE OFFICE OF THE PRESIDENT
OFFICE OF MANAGEMENT AND BUDGET

DATE: July 1, 1977

TO: Rick Hutcheson

FROM: **RANDY JAYNE, AD/NSIA**

You asked that we shorten the DOPMA decision memo to the President. Attached is an abbreviated version.

A handwritten signature in cursive script, appearing to read "Randy".

THE WHITE HOUSE
WASHINGTON

MEMO TO JIM McINTYRE

In the two-day period while we are staffing the attached memo, I would appreciate it if you could have your staff try and write a shorter version of the memo.
Thanks.

Rick Hutcheson

A handwritten signature in dark ink, appearing to be 'RH' with a long, sweeping underline that extends to the right.

-- It provides the Air Force, for the first time, with a permanent grade authorization more in line with the other services and eliminates the recurring need for temporary authorizations.

-- It provides greater equity for women by removing limitations which current laws impose on the appointment, promotion, retirement, and authority of female officers.

DOPMA, however, is based upon officer career management criteria rather than a system resulting from a calculation of requirements for officers based on military mission needs.

Background

DOPMA, developed after many years of extensive effort by the Department, complies with a 1972 Congressional directive which demanded a review and revision of the Officer Personnel Systems. The bill would overhaul or eliminate more than 300 sections of current law and codify others. The bill was originally submitted to the 93rd Congress in 1974 and resubmitted to the 94th Congress where, in 1976, it was overwhelmingly passed by the House of Representatives. The Senate, however, has held only limited hearings and expressed reservations about aspects of the bill which will be discussed below.

Separation Pay

When DOPMA was submitted to both the 93rd and 94th Congresses, the Department of Defense anticipated simultaneous enactment of DOPMA and the Retirement Modernization Act (RMA). Your Administration has, however, decided not to resubmit the Retirement Modernization Act but refer military retirement to a Commission on Military Compensation.

The Retirement Modernization Act called for major revisions in the entire military retirement system for both officers and enlisted personnel. With respect to officers, it would have continued the current practice of providing immediate severance pay to those who are involuntarily separated with 5 or more years of service and would have instituted a deferred annuity at age 60 for officers separated short of eligibility for retirement. Presently, officers involuntarily separated receive a lump-sum payment up to \$15,000. However, when the House of Representatives passed DOPMA last year, it extracted the lump-sum option from the Retirement Modernization Act and, with modifications, incorporated it into DOPMA. The modifications increased the maximum amount of severance pay from \$15,000 to \$30,000. The current version of DOPMA proposed by Defense incorporates this change even though the Ford Administration never officially accepted the revision.

Cost

DOPMA was not designed as a cost reduction measure, and in its original form would not have increased the Defense budget. With the incorporation of the increased severance pay, however, its first-year cost is estimated at \$31.0 million; and it is expected to have a cumulative five-year cost of \$66 million.

Other Reviews of DOPMA

DOPMA has been reviewed by the Defense Manpower Commission and the Congress. The Commission concluded that while the proposal contains many valuable features, it should be adopted only as an interim measure until a requirements-based system can be developed. The House of Representatives generally accepted DOPMA and made only minor revisions except for the inclusion of an increased separation pay as discussed above. The Senate, through Senator Nunn and his subcommittee, however, has expressed many reservations about DOPMA, especially with respect to the fact that its grade authorizations are based on "career progression" or "career opportunity" and not justified on mission-based requirements. Senator Nunn has further indicated that he believes no positive action should be taken with respect to DOPMA or military retirement until questions as to the viability of the all-volunteer force are resolved.

Analysis

DOPMA is a definite improvement over the current military officer personnel management system. It simplifies and standardizes many of the current laws and increases the services' abilities to manage officer personnel by removing some of the legal restrictions governing separations. DOPMA, however, will not dramatically affect the composition and the size of the existing officer force. While it will make minor revisions downward in officer grades (substitute more majors for colonels), it essentially underwrites existing officer grade levels. In fact, the current officer grade structure in the FY 1978 President's Budget basically conforms to the DOPMA limitations. While we would support a requirements-based system, we believe the short-term benefits to be derived from DOPMA are significant enough to permit it to be enacted without such a base.

Alternative #1. - Suspend action on DOPMA until a more requirements-based approach can be developed.

Military manpower requirements should be based primarily on the number of people required to respond to threats to our national security. Inasmuch as the Department of Defense develops weapons in anticipation of future threats, it appears reasonable to similarly develop manpower requirements.

It is important to recognize that in the "closed" military personnel system factors such as "career opportunity" must be considered. These factors, however, should not be the driving force. And, if "career opportunity" or "career progression" is to be a factor, we should know fairly definitely how much of our manpower to ascribe to this factor and how much to ascribe to "pure" requirements. DOPMA was built essentially on the force which is currently in being. This force was not subjected to a test as to whether it may, from a "requirements" standpoint, be too liberal. Further, as DOPMA is presently constituted, it does not address flag and general officer authorizations and, while it creates greater opportunities for female officers, it would not alter laws which restrict females from combat assignments.

Alternative #2. - Hold DOPMA in abeyance until the Administration develops a program for military retirement.

DOPMA was designed to operate in conjunction with the Retirement Modernization Act (RMA). Defense has indicated that both retirement reform (including revised separation policies) and DOPMA are necessary to have an improved personnel management system. In view of this close relationship and the fact that your Administration has decided not to resubmit RMA but to refer the question of military retirement reform to a Commission on Military Compensation, it may also be appropriate to defer action on DOPMA.

Alternative #3. - Submit DOPMA to Congress without its increased separation pay provision.

As indicated above, the Ford Administration, which supported both DOPMA and RMA, never officially agreed to incorporating the separation pay features of RMA into DOPMA. While DOPMA contains many needed improvements, these improvements could be accomplished without incurring a five-year cost of \$66 million which would result from the inclusion of the increased separation pay provision. Defense has indicated that if DOPMA is enacted only 483 more officers will be involuntarily separated over the five-year period. This amounts to an additional cost to the Government of \$137,000 per individual. Any changes in separation pay rates should await the outcome of the recommendations of your Commission on Military Compensation.

Alternative #4. - Submit DOPMA to Congress as proposed by the Department of Defense with the provision for increased separation pay.

Defense believes that DOPMA complies with past Congressional demands and provides for a much more meaningful, efficient, equitable and useful personnel system. It is primarily a personnel management tool and does not concern itself essentially with quantitative manpower requirements. Defense maintains that manpower requirements can more effectively be addressed as part of the annual Planning Programming and Budgeting cycles,

which is how they are presently reviewed and determined. The Department further contends that in practice, a system based solely on requirements would require not only a judgment as to which threat scenario the force structure should be built on, but also an ability to accurately forecast qualitative personnel needs of the future. In addition, the statutory grade tables contained in DOPMA are upper limits only. Defense argues that an increase in maximum separation pay from \$15,000 to \$30,000 is necessary due to the fact that the current maximum was established many years ago and now represents an inadequate sum to compensate officers whose careers are cut short.

OMB Recommendation

Alternative #3. DOPMA's improvements should not be overlooked. However, since the military departments do not plan to increase significantly the number of officer separations in the near future, there is no compelling reason to modify separation pay at this time. It would be inappropriate to initiate proposed changes in military pay in an area where your Commission on Military Compensation should make recommendations. This Administration should take a position opposing increased separation pay at this time. Such a position may forestall a repeat in Congress of last year's action by the House.

Decision

| | | |
|----------------|-------|----------------------|
| Alternative #1 | _____ | |
| Alternative #2 | _____ | |
| Alternative #3 | _____ | (OMB recommendation) |
| Alternative #4 | _____ | (DOD recommendation) |

Attachment

THE WHITE HOUSE

WASHINGTON

Date: June 29, 1977

MEMORANDUM

FOR ACTION:

The Vice President
Stu Eizenstat
Frank Moore
Jack Watson
Zbigniew Brzezinski

FOR INFORMATION:

Hamilton Jordan

FROM: Rick Hutcheson, Staff Secretary

SUBJECT: Bert Lance's memo 6/29/77 re Defense Officer
Personnel Management Act.

YOUR RESPONSE MUST BE DELIVERED
TO THE STAFF SECRETARY BY:

TIME: 4:00 PM

DAY: Friday

DATE: July 1, 1977

ACTION REQUESTED:

☒ Your comments
Other:

STAFF RESPONSE:

☐ I concur. ☐ No comment.
Please note other comments below:

7/5

PLEASE ATTACH THIS COPY TO MATERIAL SUBMITTED.

If you have any questions or if you anticipate a delay in submitting the required material, please telephone the Staff Secretary immediately. (Telephone, 7052)

Date: June 29, 1977

MEMORANDUM

FOR ACTION:

The Vice President
Stu Eizenstat
Frank Moore
Jack Watson
Zbigniew Brzezinski

FOR INFORMATION:

Hamilton Jordan

X *Carp* ✓
Rubenstein
JH ✓
Frank

FROM: Rick Hutcheson, Staff Secretary

SUBJECT: Bert Lance's memo 6/29/77 re Defense Officer
Personnel Management Act.

YOUR RESPONSE MUST BE DELIVERED
TO THE STAFF SECRETARY BY:

TIME: 4:00 PM

DAY: Friday

DATE: July 1, 1977

ACTION REQUESTED:

Other: ☒ Your comments

STAFF RESPONSE:

☒ I concur. *with SMB*☐ No comment.

Please note other comments below:

*Recommendation (3)**Sp 5.*

PLEASE ATTACH THIS COPY TO MATERIAL SUBMITTED.

If you have any questions or if you anticipate a delay in submitting the required

WASHINGTON

Date: June 29, 1977

MEMORANDUM

FOR ACTION:

The Vice President
Stu Eizenstat
Frank Moore
Jack Watson
Zbigniew Brzezinski

FOR INFORMATION:

Hamilton Jordan

FROM: Rick Hutcheson, Staff Secretary

SUBJECT: Bert Lance's memo 6/29/77 re Defense Officer
Personnel Management Act.

YOUR RESPONSE MUST BE DELIVERED
TO THE STAFF SECRETARY BY:

TIME: 4:00 PM

DAY: Friday

DATE: July 1, 1977

ACTION REQUESTED:

☒ Your comments

Other:

STAFF RESPONSE:

☐ I concur☒ No comment.

Please note other comments below:

PLEASE ATTACH THIS COPY TO MATERIAL SUBMITTED.

If you have any questions or if you anticipate a delay in submitting the required material, please telephone the Staff Secretary immediately. (Telephone, 7052)

THE WHITE HOUSE
WASHINGTON

ACTION
FYI

| | |
|---|-----------|
| | MONDALE |
| | COSTANZA |
| | EIZENSTAT |
| ✓ | JORDAN |
| | LIPSHUTZ |
| ✓ | MOORE |
| | POWELL |
| | WATSON |

| | |
|--|---|
| | ENROLLED BILL |
| | AGENCY REPORT |
| | CAB DECISION |
| | EXECUTIVE ORDER |
| | Comments due to Carp/Huron within 48 hours; due to Staff Secretary next day |

| | |
|---|---------------------------|
| | FOR STAFFING |
| | FOR INFORMATION |
| ✓ | FROM PRESIDENT'S OUTBOX |
| | LOG IN/TO PRESIDENT TODAY |
| | IMMEDIATE TURNAROUND |

| | |
|---|------------|
| | ARAGON |
| | BOURNE |
| ✓ | BRZEZINSKI |
| | BUTLER |
| | CARP |
| | H. CARTER |
| | CLOUGH |
| | FALLOWS |
| | FIRST LADY |
| | GAMMILL |
| | HARDEN |
| | HOYT |
| | HUTCHESON |
| | JAGODA |
| | KING |

| | |
|--|--------------|
| | KRAFT |
| | LANCE |
| | LINDER |
| | MITCHELL |
| | POSTON |
| | PRESS |
| | B. RAINWATER |
| | SCHLESINGER |
| | SCHNEIDERS |
| | SCHULTZE |
| | SIEGEL |
| | SMITH |
| | STRAUSS |
| | WELLS |
| | VOORDE |

THE WHITE HOUSE
WASHINGTON

July 5, 1977

Stu Eizenstat
Jack Watson

The attached was returned in
the President's outbox. It is
forwarded to you for appropriate
handling.

Rick Hutcheson

Re: Reports from Executive to
Congress

THE WHITE HOUSE
WASHINGTON

*Sta & Jack - let me a
list of all required
reports from Exec to
Congress. I'll try to
eliminate some*

July 1, 1977

J.C.

THE PRESIDENT HAS SEEN.

MEMORANDUM TO: THE PRESIDENT

FROM: Jack Watson
Jane Frank *Jane*

SUBJECT: SUMMARIES FOR WEEK OF JUNE 27-JULY 1,
1977; MISCELLANEOUS ITEMS

We are transmitting summaries received from the following:

| | | | |
|----------|----------------|------|-----|
| Commerce | Labor | CEA | HEW |
| Interior | Justice | GSA | HUD |
| Defense | Transportation | STR | |
| Treasury | Agriculture | U.N. | |

We have not transmitted memoranda from:

- Mike Blumenthal on the Aramco tax situation, since his information was substantially duplicative of his oral remarks in last Monday's Cabinet meeting and of the expanded reference to the issue in the Cabinet minutes;
- Mike Blumenthal, transmitting a review of the Annual Audit of the Student Loan Program, as required by the Higher Education Act of 1965;
- Juanita Kreps, transmitting a Departmental study of the firms in the industry producing cast iron cooking ware, as required by the Trade Act of 1974;
- Pat Harris, in response to your memorandum, informing you that she has appointed two Departmental representatives to the Federal Inter-Agency Working Group on Integration Services.

Finally, we attach a summary from Griffin Bell of doctors who have been indicted and prosecuted for Medicare/Medicaid fraud.

**Electrostatic Copy Made
for Preservation Purposes**

THE WHITE HOUSE
WASHINGTON

| ACTION | FYI |
|--------|-----------|
| | MONDALE |
| | COSTANZA |
| X | EIZENSTAT |
| | JORDAN |
| | LIPSHUTZ |
| | MOORE |
| | POWELL |
| X | WATSON |

| | |
|--|---|
| | ENROLLED BILL |
| | AGENCY REPORT |
| | CAB DECISION |
| | EXECUTIVE ORDER |
| | Comments due to Carp/Huron within 48 hours; due to Staff Secretary next day |

| | |
|---|---------------------------|
| | FOR STAFFING |
| | FOR INFORMATION |
| X | FROM PRESIDENT'S OUTBOX |
| | LOG IN/TO PRESIDENT TODAY |
| | IMMEDIATE TURNAROUND |

| | |
|--|------------|
| | ARAGON |
| | BOURNE |
| | BRZEZINSKI |
| | BUTLER |
| | CARP |
| | H. CARTER |
| | CLOUGH |
| | FALLOWS |
| | FIRST LADY |
| | GAMMILL |
| | HARDEN |
| | HOYT |
| | HUTCHESON |
| | JAGODA |
| | KING |

| | |
|--|--------------|
| | KRAFT |
| | LANCE |
| | LINDER |
| | MITCHELL |
| | POSTON |
| | PRESS |
| | B. RAINWATER |
| | SCHLESINGER |
| | SCHNEIDERS |
| | SCHULTZE |
| | SIEGEL |
| | SMITH |
| | STRAUSS |
| | WELLS |
| | VOORDE |

THE WHITE HOUSE
WASHINGTON

July 5, 1977

Z. Brzezinski

The attached was returned in
the President's outbox. It is
forwarded to you for appropriate
handling.

Rick Hutcheson

Re: Letter from Senate Leaders
on Middle East

cc: Frank Moore
Hamilton Jordan

MEMORANDUM

THE WHITE HOUSE
WASHINGTON

THE PRESIDENT HAS SEEN.

June 30, 1977

36.9- HHH suggest
to me a statement
thanking them. Sometime
this week. Work out
brief text & V.P. &
H.
J

MEMORANDUM FOR THE PRESIDENT

FROM: ZBIGNIEW BRZEZINSKI *ZB*
SUBJECT: Letter from Senate Leaders

I enclose the letter with actual signatures.

In view of the fact that several of them went to considerable pains to negotiate and develop this letter for you, some acknowledgment seems desirable. Subject to your approval, I enclose a brief text, which Jody might simply release. It does not push the issue any further but it might be useful for the record and will be important for personal relationships. *Also a letter for your signature.*

United States Senate

WASHINGTON, D.C. 20510

June 28, 1977

The Honorable Jimmy Carter
The White House
Washington, D.C. 20500

Dear Mr. President,

We write to you because the Senate will play a major part in decisions affecting the Middle East in the time ahead, and, like any President, you will need strong support in your efforts to contribute to the cause of peace in the Middle East.

With this in mind we join in assuring you that you do have strong support in the Senate for your efforts to help Israel and the Arab nations secure a genuine and lasting peace.

We understand that the key elements of your approach -- which we believe to be consistent with UN Security Council Resolution 242, supported by all the nations involved -- are:

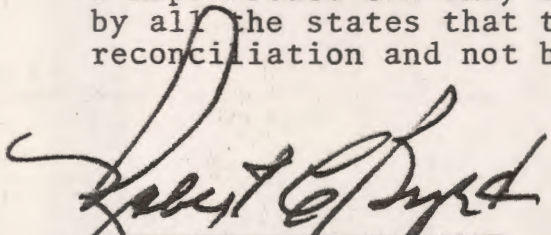
(1) No alteration of our historic commitment to assure the security of Israel, and no use of our military aid to place pressure on Israel.

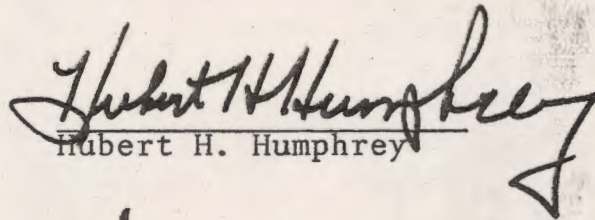
(2) A commitment to a comprehensive and genuine peace, including concrete acts to normalize relations among the nations of the area.

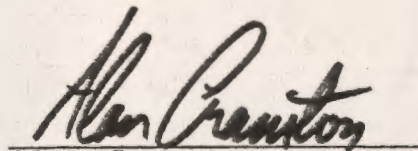
(3) The establishment of mutually accepted and secure borders, recognized by all.

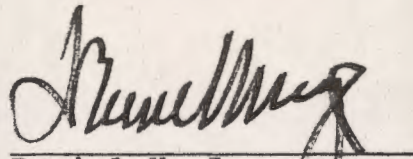
(4) A fair and permanent solution to the problem of the Palestinians in a way that will contribute to a lasting peace.

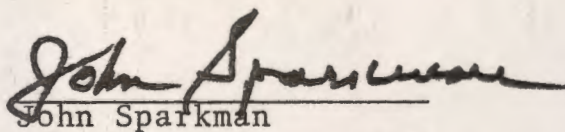
We endorse your view that peace cannot be imposed from the outside and that the United States does not intend to present the nations involved with a plan or a timetable or a map. Peace can only come from a genuine recognition by all the states that their interests are served by reconciliation and not by war.

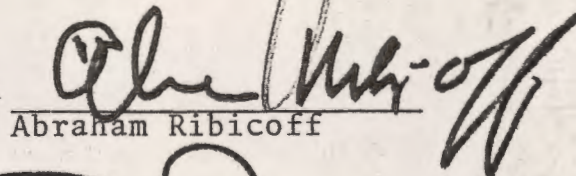

Robert C. Byrd

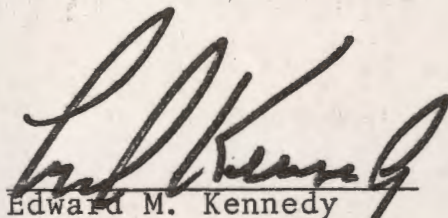

Hubert H. Humphrey

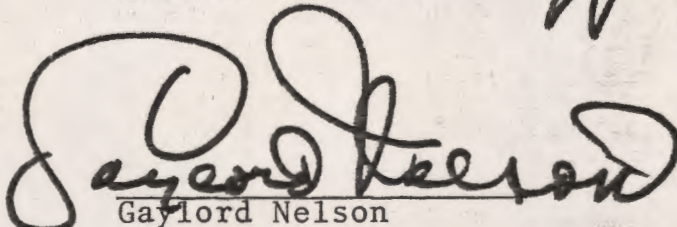

Alan Cranston

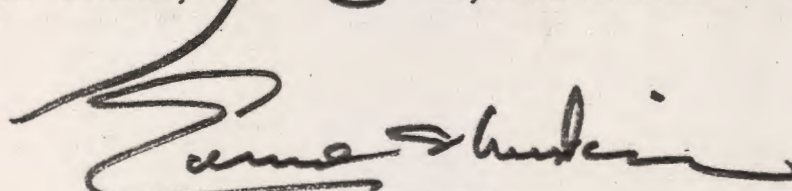

Daniel K. Inouye


John Sparkman


Abraham Ribicoff


Edward M. Kennedy


Gaylord Nelson


Edmund S. Muskie

To Senators Byrd, Humphrey, Cranston, Inouye, Sparkman,
Ribicoff, Kennedy, Nelson, Muskie

I want to thank you for your letter of support for my efforts to secure a stable and just peace in the Middle East. This initiative, by such a distinguished group of Senate leaders, enhances our efforts to move toward meaningful Middle East peace negotiations. I believe that the American people support me and the Senate in these efforts.

THE WHITE HOUSE

WASHINGTON

June 30, 1977

To Senators Byrd, Humphrey, Cranston, Inouye, Sparkman,
Ribicoff, Kennedy, Nelson, and Muskie

I want to thank you for your letter of support for my efforts to secure a stable and just peace in the Middle East. This initiative, by such a distinguished group of Senate leaders, enhances our efforts to move toward meaningful Middle East peace negotiations. I believe that the American people support me and the Senate in these efforts.

Sincerely,

The Honorable Robert C. Byrd
United States Senate
Washington, D. C. 20510

THE WHITE HOUSE

WASHINGTON

July 5, 1977

EYES ONLY

Midge Costanza
Stu Eizenstat
Hamilton Jordan
Bob Lipshutz
Frank Moore
Jody Powell
Jack Watson

Re: Cabinet Summaries

The attached were returned in the President's outbox and are forwarded to you for your personal information.

Rick Hutcheson

Attached:

Reports from Agriculture, Transportation,
Justice, Treasury, Defense, Interior,
Commerce, STR, HEW, Labor, CEA,
GSA, United Nations, HUD

cc Landon Butler

THE WHITE HOUSE
WASHINGTON

July 5, 1977

Secretary Bergland -

The attached was returned in
the President's outbox. It is
forwarded to you for appropriate
handling.

Rick Hutcheson

Re: Food Prices
World Food Council
Restrictions on Palm Oil



THE PRESIDENT HAS SEEN.

DEPARTMENT OF AGRICULTURE
OFFICE OF THE SECRETARY
WASHINGTON, D. C. 20250

July 1, 1977

1977 JUL 1 PM 3 40

MEMORANDUM TO THE PRESIDENT

THROUGH Jack Watson
Secretary to the Cabinet

SUBJECT: Weekly Report

ENERGY. The Department has completed its evaluation of energy use in agriculture. We are now moving forward to mesh the findings with the Administration's energy policy.

Some interesting facts:

- 16.5 percent of our total energy use goes into food and fiber production, processing and marketing; of this, 4.8 percent is used for processing, 0.4 percent for transportation, 4.3 percent goes into home preparation;
- fresh, hand-picked tomatoes require seven times the BTUs to produce and market than machine-picked, canned tomatoes;
- frozen fruits and vegetables require 1.6 times as much energy to process as canned;
- beet sugar processing requires the most energy, poultry and egg processing the least.

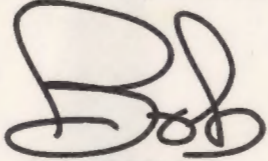
FOOD PRICES. If the weather holds, food prices should increase less during the second half of the year with the total year-end increase being eight or nine percent above 1976 (depending on what happens to coffee and meat prices).

good

So far this year 3/5 of food price increases can be directly attributed to the cost of imported food and fish, 1/5 to increased processing costs, and 1/5 to prices paid to producers.

**Electrostatic Copy Made
for Preservation Purposes**

CROP. Planting of soybeans is up nine million acres. Good weather continues to help wheat and corn development. We will probably be building stocks in all major commodities.

A stylized, handwritten signature in black ink, consisting of a large, looped 'B' followed by a smaller, more complex set of loops and a final flourish.

BOB BERGLAND



DEPARTMENT OF AGRICULTURE
OFFICE OF THE SECRETARY
WASHINGTON, D. C. 20250

1977 JUL 1 PM 3 11

June 28, 1977

THE PRESIDENT HAS SEEN.

MEMORANDUM TO THE PRESIDENT

THROUGH Jack Watson
Secretary to the Cabinet

SUBJECT: Summary of Far East Tour and
World Food Council Session

WORLD FOOD COUNCIL. The World Food Council meetings in Manila were concluded on time and with several important results. They included:

No bloc confrontations between the Group of 77 (developing countries) and the developed countries. These were avoided by a ministerial level drafting group (U.S. Government was represented by Assistant Secretary Dale Hathaway) which worked for 19 continuous hours without group caucuses.

A complete isolation of the European Community on agricultural trade issues and the United States clearly on the right side. ✓

A complete rejection of Russian attempts to interject political issues such as racism and arms reduction into food issues. ✓

A widespread feeling among the developing countries that the United States is willing to play a positive and constructive role in matters relating to agricultural development, food reserves, and trade liberalization. ✓

In view of the positive outcome, it is recommended that the United States continue to play an active role in participating in and using this forum for food and agricultural discussions. ✓

FAR EAST TOUR.

JAPAN -- Still concerned over the willingness of the United States to be a reliable supplier of quality grain. They were assured that embargoes are not part of new administration

policy and noted that even our promise of thorough grain inspection enforcement had significantly reduced short weighing and other problems.

HONG KONG -- Confirmed that there has been a notable improvement in the quality of grain shipments this year. Hong Kong's PRC controlled paper called the visit "an advertisement" for U.S. wheat sales to the PRC and concluded that the PRC traders are "old masters at judging whether an advertisement is good or bad."

INDONESIA -- They have 3/4ths of their people on the island of Java and 3/4ths of their land for settlement on other islands. Pilot resettlement projects have been started on a small scale but success depends on the stability of the present government. ✓

SINGAPORE -- Proximity to Australia and New Zealand will limit agricultural trade expansion for the U.S. American agricultural attaches from throughout Asia briefed me there. They had limited optimism for adequate food production in the really poor nations, noting that starvation is still a problem in Bangladesh and India. Distribution is a major problem with few roads, little refrigeration, and food production far from population areas.

MALAYSIA -- By far the most impressive stop. A half million families have been relocated to new agricultural areas. Those resettled will own their land and share in the distribution and processing cooperatives. They are balancing private, foreign investments with government programs for expanded agriculture and other industries. As with Indonesia, restrictions on palm oil could destroy their economic growth plans before they become fully realized.

*Let's try to
block this
in Congress*

PHILIPPINES -- No one can doubt Marcos has brought stability. Attitude toward martial law ranges from support -- because of the stability -- to indifference. To overcome their distribution problems they are trying to combine rice production with fish production, offering a high protein supply close to population centers. By applying research on new seeds and fertilizer, rice yields have doubled in past five years.



BOB BERGLAND

**Electrostatic Copy Made
for Preservation Purposes**



THE PRESIDENT HAS SEEN **Electrostatic Copy Made
for Preservation Purposes**

THE WHITE HOUSE
WASHINGTON

July 5, 1977

Secretary Adams

The attached was returned in
the President's outbox. It is
forwarded to you for appropriate
handling.

Rick Hutcheson

Re: Automobil Energy Savings

cc: Tim Kraft

it will be prepared to produce a new system "If Congress upholds Mr. Adams." Ford had the most positive statement. Nader wanted crash protection ordered in all cars by the 1981 model year. A Congressional veto resolution has been introduced by Rep. Schuster (R.-Pa.) and we will take the necessary steps to oppose it.

Experimental Vehicle Program

On June 28, I accepted a unique, turbo charged diesel-powered experimental research vehicle developed by Volkswagen in cooperation with the Department of Transportation, which tests show can achieve fuel efficiencies of 60 mpg and sustain crashes at 40 miles per hour and meet the emission standards. This research vehicle has been designed to demonstrate that ambitious safety and fuel economy goals for the automobile can both be achieved.

Air Regulatory Reform

The Senate Commerce Committee produced a second draft of its aviation reform proposal and has started marking up the draft. The Committee intends to resume the mark-up after the July 4 recess and should reach the controversial entry and pricing areas in mid July.

Chairman Magnuson has said that even the tentative agreements reached on the non-controversial portions of the bill may be subject to change at future sessions. We will continue to work closely with the Domestic Council staff to ensure that the legislation reflects the Administration's goals in this area.

State and Local Relations

In keeping with your goal that this Administration maintain close contact with States, localities, and the general public, the Department has begun an effort to travel to various parts of the country and meet with the local representatives. This will be coordinated with the Governors when they visit the White House on July 8 and 9.

THE WHITE HOUSE
WASHINGTON

July 5, 1977

Attorney General Bell -

The attached was returned in
the President's outbox. It is
forwarded to you for appropriate
handling.

Rick Hutcheson

Re: Cuban Operations
Medicare/Medicaid Fraud



THE PRESIDENT HAS SEEN.
Office of the Attorney General
Washington, D. C. 20530

July 1, 1977

1977 JUL 1 PM 3 14

Re: Principal activities of the Department of
Justice for the week of June 27 through July 1

1. Meetings and Events

The Attorney General held separate meetings this week with Congressmen Fraser and Flynt to discuss Justice Department cooperation with their respective committees on the KCIA case; he spoke briefly Tuesday to a panel of experts who were meeting with the Office for Improvements in the Administration of Justice to discuss possible changes in class action procedures; Judge Bell visited Friday the facilities of NSA and had lunch at the Central Intelligence Agency, where he viewed the Bill Moyers program on Cuban operations pursuant to the President's suggestion. Judge Bell will be departing Friday night to spend the Fourth of July holiday in Atlanta.

*let me
know
what we can
do*

Associate Attorney General Mike Egan attended the Eighth Circuit Judicial Conference in Kansas City, Missouri to discuss with the judges of that court the President's new procedure for nominating circuit judges.

Deputy Attorney General Peter F. Flaherty spoke to the Seminar on Managing Federal Criminal Justice Assistance Programs sponsored by the National League of Cities and the U.S. Conference of Mayors Thursday; on Friday he visited the Federal Correctional Institution at Butner, North Carolina.

2. LEAA

The Internal Department of Justice Task Force Study on the Law Enforcement Assistance Administration was delivered to the Attorney General last week. Judge Bell met with the committee Tuesday morning for a working breakfast and the report was hand delivered by Deputy Attorney General Flaherty to a number of members of the Congress prior to its public release June 30, 1977. The report has been given broad distribution and the public has been given a 60-day comment period to present its views to the Department on the subject.

Electrostatic Copy Made
for Preservation Purposes

3. Black Judges

Following the meeting with the President in the Roosevelt Room on Wednesday, the Attorney General named a member of his personal staff to act as liaison with Mrs. Coretta Scott King and other persons concerned with insuring that Black judges are appointed in the Southeast.

4. Undocumented Aliens

INS Commissioner Leonel Castillo traveled to Mexico City as the Department of Justice representative on the task force group to discuss possible Administration proposals on undocumented aliens with Mexican governmental officials. A member of the personal staff of the Attorney General also participated in consultations led by Mr. Eizenstat with Senators Eastland, Kennedy, Cranston, DeConcini, Bentsen, and Hathaway.

5. Assistant Attorney General

The new Assistant Attorney General in charge of the Office of Legal Counsel, John Harmon, was sworn in Wednesday by the Attorney General.

6. Special Prosecutor

On Monday the Senate passed S. 555, the Special Prosecutor Bill. Floor amendments were passed which made mandatory a referral for consideration of a special prosecutor of allegations of congressional bribes such as the KCIA investigations. The Department of Justice is on record as opposing a special prosecutor in the KCIA case. The addition to the Senate bill will make passage of the legislation in the House more complicated. The Senate bill also creates an Office of Government Crimes in the Department with a presidentially appointed-Senate confirmed Level IV director. This portion of the bill was also opposed by the Department.

7. Indian Claims

The Department, in conjunction with the Department of the Interior, secured passage on Thursday of a joint resolution by both houses extending the statute of limitations for filing of Indian claims thirty days beyond its present expiration date of July 18th. This was necessary as a temporary expedient to permit unnecessary processing of claims

and filing of cases because the main bill extending the statute of limitations for four years cannot be taken up until July 11th. Thus, if it is amended (there is opposition to the bill in its present form) and a conference proves necessary, thousands of claims would need to be filed by July 13th in order to avoid the causes of action being lost altogether. The joint resolution went through in twenty hours and the Administration's cause was immeasurably helped by Congressmen Morris Udall and George Danielson in the House (Congressmen Cohen of Maine and Foley and Meeds of Washington also cooperated even though they will not support the 4-1/2 year main bill) and by Senator Abourezk of South Dakota.

8. Grand Jury Reform

The Administration's position on grand jury reform was presented before Congressman Eilberg's committee on Wednesday by Assistant Attorney General Ben Civiletti. The testimony endorsed some changes but in the main opposed the bill's principal reform proposals of counsel in the grand jury room, changes in the scope of immunity for grand jury witnesses, transcription of prosecutor's remarks to the grand jury, and allowance of challenges to subpoenas in the witnesses' home district.

9. Consultants

All consultants to the Drug Enforcement Administration have been terminated, and 29 of the 30 consultants to the Bureau of Prisons will be terminated by August, 1977. *Ford*

10. Intelligence Charter Legislation

A meeting chaired by Frederick Baron, a Special Assistant to the Attorney General, to set an agenda for consideration of intelligence charter legislation was held Friday between staff members of the Inouye Intelligence Committee and the SCC.



THE PRESIDENT HAS SEEN.

Office of the Attorney General
Washington, D. C. 20530

July 1, 1977

MEMORANDUM FOR THE PRESIDENT

Attached for your information is a status summary of doctors who have been indicted and prosecuted for Medicare/Medicaid fraud during the past 18 months. Twenty of the 29 indictments have occurred during this Administration.

I also attach the opinion of a former Fifth Circuit Judge affirming one such conviction.

John B. Bess

Attorney General

*Griffin -
Good. Keep
up the good work -
Enhance public
awareness -
J*

**Electrostatic Copy Made
for Preservation Purposes**

PARTIAL SUMMARY OF PHYSICIANS CHARGED WITH
 MEDICARE/MEDICAID FRAUD 1/

| <u>DISTRICT</u> | <u>COMPLETED PROSECUTIONS</u> | <u>OUTSTANDING INDICTMENTS</u> |
|---------------------|-----------------------------------|------------------------------------|
| E.D. Arkansas | 2 | 0 |
| C.D. California | 3 | 0 |
| N.D. California | 1 | 0 |
| S.D. California | 1 | 10 |
| S.D. Florida | 1 | 13 |
| N.D. Illinois | 7 | 3 |
| E.D. Kentucky | 0 | 1 |
| Maryland | 1 | 0 |
| N.D. Mississippi | 0 | 1 |
| S.D. Mississippi | 2 | 0 |
| W.D. Missouri | 1 | 0 |
| S.D. New York | 5 | 0 |
| W.D. North Carolina | 1 | 0 |
| South Carolina | 0 | 1 |
| E.D. Pennsylvania | 2 | 0 |
| W.D. Texas | 2 | 0 |
| N.D. Texas | 2 | 0 |
| | <u>30</u> | <u>29</u> <u>2/</u> |

1/ The entire list encompasses the past 18 months.

2/ 20 of the 29 are in this Administration. Two weeks ago, 12 doctors were indicted in the Southern District of Florida.

15, 1963 a parole revocation warrant was issued. On February 26, 1964 petitioner was sentenced to ten years on the 1963 bank robbery. On May 24, 1967, while he was still serving the 1964 sentence, the parole violation warrant was served and executed. Petitioner contends that it was improper to have delayed the execution of the warrant and, therefore, he is entitled to credit on his 1954 sentence for time served between November 15, 1963 when the parole revocation warrant was issued and May 24, 1967 when the warrant was executed.

"Petitioner relies heavily upon United States [ex rel. Vance] v. Kenton, 252 F.Supp. 344 (D.C.Conn.1966) and Shelton v. United States Board of Parole [128 U.S.App.D.C. 311], 388 F.2d 567 (C.A.D.C.1967). Respondent's Memorandum of Points and Authorities considers these cases and successfully distinguishes them from the present case.

"The law is clear that it is well within the power of the Parole Board to withhold execution of a parole violation warrant until the term of the intervening sentence has completely expired. In Jefferson v. Willingham, 366 F.2d 353 (10th Cir. 1966), cert. den. 385 U.S. 1018 [87 S.Ct. 744, 17 L.Ed.2d 554], the Court stated:

"When a person on parole is arrested on another charge, the parole board is not required to execute its warrant immediately; the warrant may be held in abeyance until the intervening charge is disposed of. The time spent in confinement as a result of this new charge does not affect the prisoner's antecedent obligation to complete the existing sentences when a parole has been violated. Zerbst v. Kidwell, 304 U.S. 359 [58 S.Ct. 872, 82 L.Ed. 1399]; Woykovsky v. Chappell [119 U.S.App.D.C. 8], 336 F.2d 927, cert. den. 380 U.S. 916 [85 S.Ct. 903, 13

L.Ed.2d 801]; Groce v. Hudspeth, *supra* [10 Cir., 121 F.2d 800]."

"Clearly, petitioner's contention is without merit. Accordingly, it is hereby

"ORDERED that Petition for Writ of Habeas Corpus be and the same is hereby dismissed and the relief prayed for therein denied."

We are convinced that the District Court reached the correct conclusion; hence, its Order is

Affirmed.



UNITED STATES of America,
Plaintiff-Appellee,

v.

Harry M. KATZ, Defendant-Appellant.

No. 71-2063

Summary Calendar.*

United States Court of Appeals,
Fifth Circuit.

Feb. 23, 1972.

Rehearing Denied March 17, 1972.

Defendant medical doctor was convicted before the United States District Court for the Middle District of Florida. Ben Krentzman, J., of counts charging that he billed for and received medicare payments for hospital visits to patients which were not made, and he appealed. The Court of Appeals, Bell, Circuit Judge, held that evidence, including testimony by patients and their relatives, sustained convictions.

Affirmed.

1. Criminal Law — 1132

Appeal by defendant medical doctor was appropriate for summary disposi-

* [1] Rule 18, 5 Cir.; see Isbell Interprises, Inc. v. Citizens Casualty Co. of New York et al., 5 Cir. 1970, 431 F.2d 409.

tion without oral argument. 18 U.S.C. A. § 1001; Social Security Act, § 208(c) as amended 42 U.S.C.A. § 408(c); Health Insurance for the Aged Act, § 1801 et seq., 42 U.S.C.A. § 1395 et seq.; U.S.Ct. of App. 5th Cir. Rule 18, 28 U.S.C.A.

2. Fraud ☞69

Evidence, including testimony by patients and their relatives, sustained convictions resting on counts charging that defendant medical doctor billed for and received medicare payments for hospital visits to patients which were not made. 18 U.S.C.A. § 1001; Social Security Act, § 208(c) as amended 42 U.S.C.A. § 408(c); Health Insurance for the Aged Act, § 1801 et seq., 42 U.S.C.A. § 1395 et seq.

Michael L. Kinney, St. Petersburg, Fla., for defendant-appellant.

John L. Briggs, U. S. Atty., Bernard H. Dempsey, Jr., Asst. U. S. Atty., Tampa, Fla., for plaintiff-appellee.

Before BELL, DYER and CLARK, Circuit Judges.

BELL, Circuit Judge:

This appeal is from a judgment of conviction entered on a jury verdict finding Dr. Katz guilty on five counts of an indictment, two of which charged him with filing false statements in violation of 18 U.S.C.A. § 1001,¹ and three counts of which charged him with filing false statements in violation of 42 U.S.C.A. § 408(c).² He was acquitted on a

conspiracy count and on an additional count charging a violation of § 1001.

Dr. Amadio, another defendant, was found guilty on two counts charging violations of § 408(c), supra. Two employees of Pinellas General Hospital, charged in the conspiracy count, were acquitted. Dr. Amadio received a suspended sentence. Dr. Katz was given concurrent sentences with two years imprisonment. This appeal is by Dr. Katz.

The gist of the indictment was that Dr. Katz, a medical doctor, Chief of Staff of Pinellas General Hospital in Largo, Florida, and president of the corporation which owned the hospital, individually, and in conspiracy with others, falsified and misrepresented claims to the Social Security Administration for services allegedly rendered to Medicare patients. See Health Insurance For the Aged Act. 42 U.S.C.A. § 1395 et seq.

There was much evidence concerning the government's contention that needless and unauthorized hospital and treatment services were rendered to patients for which statements were submitted. There was also evidence to support the government's claim of billings for services of this type which were not rendered. There were acquittals on the counts embracing these charges.

The convictions rested on counts charging that Dr. Katz and Dr. Amadio billed for patient visits in the hospital which were not made. Dr. Katz vigorously disputes the sufficiency of the evidence in this regard. He also complains of the failure of the district court, on two occasions, to order a mistrial as a

1. 18 U.S.C.A. § 1001:

"Whoever, in any matter within the jurisdiction of any department or agency of the United States knowingly and willfully falsifies, conceals or covers up by any trick, scheme, or device a material fact, or makes any false, fictitious or fraudulent statements or representations, or makes or uses any false writing or document knowing the same to contain any false, fictitious or fraudulent statement or entry, shall be fined not more than \$10,000 or imprisoned not more than five years, or both."

455 F.2d—32

2. 42 U.S.C.A. § 408(c):

"Whoever—

* * * * *

"(c) at any time makes or causes to be made any false statement or representation of a material fact for use in determining rights to payment under this subchapter;

* * * * *

"shall be guilty of a misdemeanor and upon conviction thereof shall be fined not more than \$1,000 or imprisoned for more than one year, or both."

result of statements made in the presence of the jury which he categorizes as prejudicial. Finding no error, we affirm.

I.

[2] The test by which we adjudge the sufficiency of the evidence is the now familiar one that the verdict of a jury must be sustained if there is substantial evidence, taking the view most favorable to the government, to support it. *Glasser v. United States*, 1942, 315 U.S. 60, 80, 62 S.Ct. 457, 469, 86 L.Ed. 680, 704; *Strauss v. United States*, 5 Cir., 1963, 311 F.2d 926, 928.

Each of the counts in question charged that Dr. Katz billed for and received Medicare payments for hospital visits to patients which were not made. The five counts involve five patients, each count resting on transactions having to do with a single patient. The patient visits for which billings were made at either ten or fifteen dollars per visit, were in the totals of 40, 18, 10, 9, and 9 visits.

The uniform procedure established on the trial was that Dr. Katz billed for one visit per day during each day that a patient was confined to the hospital. The evidence in support of the government's case was in the form of testimony of some patients and relatives of some patients that many of the visits were not made. One nurse testified that Dr. Katz made visits to patients on two out of three days at best. Another nurse testified that Dr. Katz visited the approximately twenty five patients in the hospital in a total of twenty minutes. There was other testimony that a patient visit by a doctor was generally noted on the nurse's patient notes. These notes disclosed only nine of the claimed visits. A doctor who resigned after three weeks with the hospital, testified that he never saw Dr. Katz make patient visits.

The evidence by way of a defense of Dr. Katz was to the contrary. There was testimony from nurses and office assistants that Dr. Katz made daily rounds in the hospital which would have

included all patients. His own testimony was to the same effect and that often he made rounds twice daily. The testimony of some of the patients was negative in the sense that they could have been sleeping or under medication and might not have known of a visit by Dr. Katz. There was some testimony that nurses did not always record a visit by a doctor.

In sum, this evidence was sufficient to make a question for the jury as to each count. The jury resolved the issues against Dr. Katz on the five counts and there the matter ends.

II.

The other assignment of error relates to two occurrences during the trial which gave rise to motions for a mistrial. We have carefully examined the substance of each of them by considering them in context and in light of the corrective action taken by the district court. We conclude that the district court did not abuse its discretion in denying the motions for mistrial. Cf. *United States v. Pritchard*, 5 Cir., 1969, 417 F.2d 327; *Leonard v. United States*, 5 Cir., 1967, 386 F.2d 423.

Affirmed.



UNITED STATES of America,
Appellee,

v.

Francisco PINEDA-ESPINOZA,
Appellant.
No. 26938.

United States Court of Appeals,
Ninth Circuit.

Feb. 28, 1972.

The United States District Court for the District of Arizona, James A. Walsh, Chief Judge, found defendant guilty of the illegal possession of heroin.

THE WHITE HOUSE
WASHINGTON

July 5, 1977

Secretary Blumenthal

The attached was returned in
the President's outbox. It is
forwarded to you for appropriate
handling.

Rick Hutcheson

cc: Tim Kraft

Re: Tax Reform Meeting
Possible Violations of Currency
Reporting Requirement
Use of Minority-Owned Banks



THE PRESIDENT HAS SEEN,
THE SECRETARY OF THE TREASURY F.Y.I.
WASHINGTON

July 1, 1977

1977 JUL 1 PM 2 54

MEMORANDUM FOR THE PRESIDENT

SUBJECT: Highlights of Treasury Activities

1. TAX REFORM

On Wednesday, June 29 I made the first of what should prove to be a number of public appearances on tax reform, speaking to the annual meeting of the Financial Analysts Federation here in Washington. My outline of the problem and major options seemed well received, and got good press coverage. I am now embarking on a series of meetings with leaders and appropriate Committee members from both Houses (and both parties) in the Congress. We are also scheduling further meetings with special interest groups. Next week I'd appreciate a few minutes of your time to discuss the political strategy of the tax reform effort. Meanwhile, we are following through on your instructions, as contained in your memorandum of June 29, and will be prepared to present our recommendation at our next meeting with you on July 16.

sk

2. ENERGY TAXES

The House Ways and Means Committee concluded action this week on the tax portion of the proposed National Energy Act. The Committee spent this week reconsidering its prior tentative decisions and fine-tuning the energy tax provisions. For the most part, the Administration proposals have fared well during this reconsideration although, for example, we are left for now with a gas-guzzler tax weaker than the Administration's proposal, and exemption of utilities and process fuels from the industrial use tax causing an estimated \$30 billion loss in revenue.

The next step is consideration of the National Energy Act by the Ad Hoc Energy Committee of the House. While the Committee's consideration should begin week after next, action may be delayed since the Interstate and Foreign Commerce Committee is deadlocked over deregulation.

**Electrostatic Copy Made
for Preservation Purposes**

3. INTERNATIONAL FINANCIAL INSTITUTIONS

For the moment Henry Reuss is delaying the House-Senate conference on the IFI authorization bill, because of the impasse over the Consumer Cooperative Bank, concerning which I am sending you a separate memorandum. When the conference takes place it will have three main issues to resolve: human rights language; a Dole amendment prohibiting use of U.S. funds for loans to Indo-China; and possible damage to U.S. interests from loans to develop palm oil, sugar, or citrus production. Senator Humphrey is playing the leading role in support of Administration positions on these items. As regards appropriations, the Inouye Subcommittee is scheduled to mark up the foreign assistance bill which includes IFIs during the week of July 11. We are working extremely hard on the Hill to obtain adequate funding levels and avoid loan prohibitions.

4. NEW YORK CITY

We will lend \$300 million to New York City on July 5 -- the first installment of this third and final year of the legislation. The City projects a total seasonal borrowing need of \$2.05 billion during the year. Most of this will be borrowed from the Treasury, but we are hopeful that the City can borrow several hundred million on its own.

We have had a series of intensive meetings with City officials, including Mayor Beame, during the past several days to prepare for this July 5 loan. In general, the officials have been highly cooperative, and our relations there appear good.

5. POSSIBLE VIOLATIONS OF CURRENCY REPORTING REQUIREMENT

Customs has identified more than 100 multinational corporations that have admitted to, or are suspected of, deliberately violating a Federal law requiring that international shipments of currency in excess of \$5,000 be reported. Several investigations have been undertaken.

In many instances, the violations appear to have been related to the accumulation of multi-million dollar corporate slush funds -- previously disclosed -- which were used for illegal or questionable payments to politicians and foreign government officials.

We are presently reviewing a completed investigation, involving the Gulf Oil Corporation, in which Customs has recommended that a civil penalty be assessed. If Treasury invokes the civil sanctions available to the Government, it will be the first such action taken in a corporate slush fund case.

Push hard & publicly on these violations

6. CUSTOMS COURT RULING IN U.S. STEEL CASE

The Customs Court has denied the motion by U.S. Steel for leave to file a motion for summary judgment in the value-added tax countervailing duty case. Since the Court did not disclose any reasons for its actions, we can't be certain how much of a delay this means in any Customs Court decision. At a minimum, however, it assures that no decision will be made before the Court of Customs and Patent Appeals decides the Zenith case on TV imports.

7. DEPOSITS IN MINORITY-OWNED BANKS

Customs has increased its use of minority-owned banks as depositories for Customs collections from eight banks with deposits of \$55 million per month in 1974 to 21 banks with deposits of \$250 million per month in 1977. Customs is currently depositing revenue collections into minority-owned banks at a rate of over \$3 billion annually. This represents about 60 percent of Customs annual collections.

Good

* * * * *

For our 201st anniversary the Treasury and I send you good wishes, and thanks for what's being done in our country.

Mike

W. Michael Blumenthal

THE WHITE HOUSE
WASHINGTON

July 5, 1977

Z. Brzezinski

The attached was returned in the
President's outbox and is forwarded
to you with the request that it
be sent to Secretary Brown.

Rick Hutcheson

Re: Headquarters Reduction
Discharge Review Program

THE PRESIDENT HAS BEEN.
THE SECRETARY OF DEFENSE
WASHINGTON, D. C. 20301

July 1, 1977

MEMORANDUM FOR THE PRESIDENT JUL 1 PM 2 54

SUBJECT: Significant Actions, Secretary and Deputy Secretary of Defense
(Week of June 25 to July 1, 1977)

B-1 Decision: As you know, Congressional reaction to your announcement yesterday has been for the most part predictable. Press treatment and initial editorial reaction by and large have been extremely supportive. Even most of those who question the decision, for whatever reason, recognize that it was one taken after careful consideration. At my press conference this morning I emphasized that this was a choice between two weapons systems, and that the preferable had been selected. I was encouraged by the fact that the bulk of the questions focused on SALT implications and what lies ahead with respect to cruise missile development and deployment, rather than on questioning the wisdom of the B-1 decision. Today I spoke with General Jones, Chief of Staff of the Air Force, about the future; I believe that he and Secretary John Stetson - with whom I had spoken earlier - will overcome the disappointment in the Air Force and soon get their staff working to develop an effective cruise missile force.

Headquarters Reductions: Since taking office I have become convinced that the headquarters staffs in DoD are far too large. I plan to correct this by directing a reduction of 20% to 25% (about 400-500 positions) in the Office of the Secretary of Defense, to take place over the balance of this year. (Similar reductions will occur later in the headquarters staffs of the three military departments.) The reduction will also help meet the lowered personnel ceiling set for DoD by OMB two weeks ago. The normal turnover of personnel in the Office of the Secretary of Defense is exceptionally low (only 6% so far this year, and the bulk of that in clerical personnel; turnover rate for professionals is only ^{one fifth} as much). This reduction therefore cannot practically be achieved by attrition alone, and will require some reduction in force actions. I intend to minimize those by relying on attrition to the maximum extent possible, and also probably by seeking early-retirement authority from the Civil Service Commission. I shall make clear that the reduction is an ordinary management action designed to promote efficiency and economy, and is not the result of any reorganization efforts. *good*

Discharge Review Program: The Senate Veterans Affairs Committee on Tuesday favorably reported the Cranston-Thurmond bill, which would deny veterans benefits to persons whose undesirable discharges are upgraded solely under the special program criteria. The Senate will consider this bill after the July 4 recess. In the House, a similar bill has been introduced; the House bill would, however, extend the program to veterans of all wars. We have made clear to both committees our strong opposition to these legislative proposals. As of earlier this week, nearly 10,000 discharges had been upgraded

and some 11,500 applications are pending. Of the 10,000, just over 8,000 had been upgraded from undesirable discharges. We are informed by the Veterans Administration that only four individuals upgraded under the program have applied for VA benefits so far, and none has yet received them. Present estimates are that between 20,000 - 25,000 holders of undesirable discharges will receive upgrades. If all received VA benefits, the VA estimates that annual costs could reach \$28 million. While VA is unable to project anticipated applications, our best estimate is that substantially less than half would seek VA benefits, with a commensurate reduction in projected costs. I lean toward the view that a veto would be appropriate if some legislation designed to do away with the program or the benefits therefrom ultimately passes.) *I agree*

Helicopter Pilot Training Consideration: Charles Duncan, Graham Claytor and I met with Senator Stennis on Monday afternoon to discuss the proposed consolidation of helicopter training at Fort Rucker, Alabama. We explained that the consolidation would result in \$90 to \$100 million savings over a five-year period, and that the consolidation would result in an improvement in the quality of helicopter training as well. I added that this was not a prelude to consolidation of propellor and jet fixed-wing training. (There is a Navy fixed-wing training facility in Meridian, Mississippi.) Senator Stennis stated that he understood our position, but that he could not change his previous position that such a consolidation was not desirable. Subsequently the full Senate Appropriations Committee endorsed Stennis' view, but Senator Proxmire plans to try to overturn it on the floor.

Meeting with Australian Defense Minister: Australian Defense Minister Sir Arthur Tange accompanied Prime Minister Fraser to Washington and remained after the Prime Minister's departure for meetings with my staff. Charles Duncan hosted a working luncheon on June 28, and at this and other meetings Tange indicated primary interest in improving the level of Australian industrial participation in arms manufacture in order to meet the 25% offset agreement in military sales we have with Australia. We have already made some changes to assist the Australians and will do all we can to help them.

Defense Appropriations Bills: The House passed the appropriations bill on Thursday afternoon by a vote of 333-54. There were no major changes to our program. Among the amendments offered during floor consideration, one by Bob Wilson to strike the prohibition against double-dipping, passed by a vote of 220-173. Other amendments resulted in approval of funds to design a replacement engine for the F-14, and production of the non-nuclear LANCE - both of which we oppose. An amendment to reduce A-10 procurement from 144 to 96 was defeated.

In the Senate, the Appropriations Committee recommended a total of \$111B, which is \$2.8B under our amended request and \$980M above the appropriation bill passed by the House. Some major provisions include recommendations to

prohibit dual compensation (double-dipping) for new employees after October 1, 1977; prohibit the consolidation of Undergraduate Helicopter Pilot Training (see above); and increasing funds by approximately \$440M to improve readiness. It includes 97 F-15s (a small reduction from our request) and \$81.6M for long-lead procurement for a Nimitz class aircraft carrier (which we oppose).

Harold Brew

THE WHITE HOUSE
WASHINGTON

July 5, 1977

Secretary Califano -

The attached was returned in
the President's outbox. It is
forwarded to you for appropriate
handling.

Rick Hutcheson

cc: Mrs. Carter
Please see page 2.

Re: St. Elizabeth's Hospital



THE PRESIDENT HAS SEEN.

THE SECRETARY OF HEALTH, EDUCATION, AND WELFARE
WASHINGTON, D. C. 20201

July 1, 1977

1977 JUL 1 PM 5 02

MEMORANDUM FOR THE PRESIDENT

SUBJECT: Weekly Report on HEW Activities

The following is my weekly report on significant activities in the Department of Health, Education, and Welfare.

- Labor-HEW Appropriation Bill: The Senate bill is substantially higher than the bill we worked out in the House with the leadership. I will be sending you next week proposed objectives and a strategy for dealing with the conference. I have already talked to Congressman Flood and at his suggestion plan to meet with all the House conferees once our strategy is clear.

Senator Magnuson has indicated his disappointment at being unable to achieve the \$165 million cut on the Senate floor, and I think he may be more amenable than he has been in the past to accepting some reductions in the conference. I will sit down with him and Senator Brooke when they return from the recess.

There are non-money issues between the House and the Senate relating to appropriations riders but I think we can solve those at the departmental level.

- The FDA and Ice Cream: FDA has published a final order changing the Standards of Identity for ice cream. A standard of identity establishes a common "recipe" for food products so that consumers can be assured that product labeling reflects consistent product content. The new standard would, FDA thinks, reduce the price of ice cream to consumers without altering its quality.

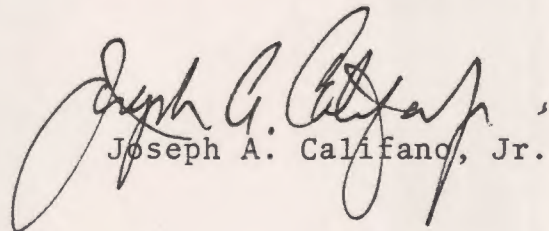
The National Milk Producers' Federation, in response, has petitioned for a hearing, contending that the new standard -- which allows for increases in the proportion of milk protein that can be supplied relative to non-fat dry milk solids -- will change the quality of ice cream and work economic hardship on the dairy industry. The FDA does not believe their petition meets the standard for triggering a hearing, because it fails to surface genuine

and substantial issues of fact relating to FDA's authority to promulgate standards of identity. FDA has given the petitioners an additional 60-day period to develop such facts, which will have to address the nutritional, taste and texture attributes of the product. FDA believes that convincing grounds for a hearing may exist. I believe that good lawyers can certainly make a convincing case for a hearing.

- Senior Citizen Centers: On July 5, final regulations implementing Title V of the Older Americans Act will be published in the Federal Register. This program, which has attracted considerable Congressional interest, provides for the expansion, renovation, and acquisition of Senior Citizens Centers. About \$20 million will be provided for a large number of small grants.
- St. Elizabeth's Hospital: On June 30th, I made an unannounced visit to this facility -- the only mental hospital run by HEW and formerly the nation's model mental institution. The Hospital is presently in very sorry shape -- it has lost its accreditation; at least one-third of the inpatient population should not be there; and it has been an unwanted child of the Federal government that the District of Columbia has been reluctant to adopt in its present status.

good

Because the Hospital is HEW's responsibility and because it has been a symbol (for good or ill) of our nation's mental health care system, I am initiating efforts immediately to upgrade the hospital, reduce the inpatient population, develop appropriate community facilities and integrate the Hospital into a total mental health system in the District of Columbia so that eventual transfer may take place on a sound basis.


Joseph A. Califano, Jr.

THE WHITE HOUSE
WASHINGTON

July 5, 1977

Secretary Andrus -

The attached was returned in
the President's outbox. It is
forwarded to you for appropriate
handling.

Rick Hutcheson

Re: Exxon



THE PRESIDENT HAS SEEN.
THE SECRETARY OF THE INTERIOR
WASHINGTON

9
1

July 1, 1977

077 JUL 1 PM 7 10

MEMORANDUM TO THE PRESIDENT

FROM : Secretary of the Interior

SUBJECT : Major Topics for the Week of June 27

I'm proud of you! Your B-1 decision was tough, but right.

In the dispute between Exxon and the State of California, we came down on the side of the State. The previous Administration had given Exxon a permit to construct a floating oil processing terminal 3.2 miles offshore after Exxon refused to comply with California regulations on air quality, transportation modes and future onshore development. After public hearings in the area, I have reversed that decision. You may be hearing from Exxon. ← I doubt it -

Somehow, Interior's reorganization suggestions that were presented to OMB were not submitted to you this week for inclusion in the next phase. You said, "Jump in with both feet," and we did. I believe this issue belongs at the top of the agenda because:

1. We have no national policy for protecting our resources and environment.
2. Transfers from Interior to other Departments have compounded our internal reorganizational problems, but it makes little sense to move internally until we know what changes will be made.
3. The resources at stake are precious, and the time is short. We need a comprehensive look at resources and environment rather than a long study of each of the parts.

My reports on the proposed gas pipeline are in your office. Environmentally, all three routes have problems, but the Alcan Route, with a western leg, does the least harm and insures greater distribution of the resource.

Leah W. Andrews

THE WHITE HOUSE
WASHINGTON

July 5, 1977

Bob Strauss -

The attached was returned in
the President's outbox. It is
forwarded to you for appropriate
handling.

Rick Hutcheson

Re: Steel Matters

THE PRESIDENT HAS SEEN.

THE SPECIAL REPRESENTATIVE FOR
TRADE NEGOTIATIONS
WASHINGTON

Jul 1971 JUL 1977 PM 3 05

MEMORANDUM FOR: THE PRESIDENT
FROM: Robert S. Strauss
SUBJECT: Weekly Summary

As Sol Chaiken and Murray Finley indicated, we had a very good meeting prior to their seeing you, as we detailed to them the Hong Kong textile agreement that will be before you in a week to ten days.

Stu Eizenstat and I will meet with Paul Hall and Jesse Calhoun before going to Senator Long and Congressman Murphy to button down the details of cargo preference which, as you know by now, they have each agreed with me will be 4 - 5 - 6 - 7 - 8 percent over a five-year period. This should have little adverse financial impact in a few years, as we are presently at 3 1/2 percent. Hall and Calhoun are both pleased.

The sugar program is in very bad shape and I have checked it on the Hill and across the country. Accordingly, Secretary Bergland, Deputy Under Secretary John White of USDA, Assistant Secretary Jules Katz of State, Lynn Daft of Eizenstat's office and I met yesterday. We are all in agreement on the status of the program and to meet to get back into it on Wednesday next. It is under severe and increasing pressure from the Hill and we have set a deadline of Wednesday to have something to put before Stu.

I think we are getting a handle on how to kick off the Geneva negotiations and Alan Wolff and I will be doing so, with a major push later, in Brussels on July 11th.

Among other industries, we had the first really constructive meeting with big steel, at which meeting Chairmen of the Boards of U.S. Steel, Republic, Bethlehem, Allegheny Ludlum,

Electrostatic Copy Made
for Preservation Purposes

and others were all present. While I don't know what, if anything, we'll ever be able to do for them, they know we are trying. They want quotas, however, and there will be difficulties ahead for our trade policy.

VO

Hearings are planned by the House Trade Subcommittee on authority for the President to grant Generalized System of Preferences (GSP) for OPEC countries. I believe the timing is premature for successful conclusion.

Have a happy Fourth -- I am going to Texas for a family reunion -- that's the only thing I can think of worse than staying here in Washington.

**Electrostatic Copy Made
for Preservation Purposes**

~~THE~~ PRESIDENT HAS SEEN.

U. S. DEPARTMENT OF LABOR
OFFICE OF THE SECRETARY
WASHINGTON

"FYI"

1977 JUL 1 PM 1 20

July 1, 1977

MEMORANDUM FOR THE PRESIDENT

FROM: SECRETARY, Ray Marshall *RM*

SUBJECT: Major Departmental Activities, June 25 - July 1

EMPLOYMENT AND TRAINING--ECONOMIC STIMULUS PACKAGE

Youth Bill

Due to the press of other Congressional business like the pay-raise, consideration of the conference committee report on the Youth Bill has been delayed until after the recess.

Chicago Tribune

On June 30, I sent to you, under separate cover, a memo reviewing the charges made by the Chicago Tribune about the public service jobs program in Chicago.

WELFARE REFORM

Congressional Discussions

I have begun discussing the Administration's welfare reform proposals with such Congressional leaders as Senator Long and Congressmen Perkins and Hawkins. Additional meetings with the Hill and Governors and Mayors have also been scheduled. From my discussions with them, I am optimistic about getting a significant jobs component in any welfare reform legislation that passes Congress.

Women's Bureau

Alexis Herman, the Director of the Women's Bureau, has been holding regional consultations with low-income women about welfare reform. So far, 10 of these hearings have been held and more are scheduled. She is finding that many of these women want to work, but do not know where to look for jobs.

COAL SITUATION

On July 7, there will be a meeting involving myself, Jim Schlesinger, Charlie Schultze, Cecil Andrus, Wayne Horvitz of the Federal Mediation and Conciliation Service and John O'Leary from the Federal Energy Administration to review the Administration's preparations for the potential coal strike in December. After this meeting, a sub-Cabinet working group will be established to follow this situation.

REGIONAL REPRESENTATIVES

The Department is now proceeding to fill its ten regional political appointments. To clarify their role and prevent duplication and overlap of functions, I have redefined the position as a contact point with Congressmen and State and local officials. As a result, they will now be reporting to the Deputy Under Secretary for Legislation and Intergovernmental Relations.

We have begun consultations with Congress and I will also offer this position in our southern region to Herb Mabry.

THE PRESIDENT HAS SEEN.

THE CHAIRMAN OF THE
COUNCIL OF ECONOMIC ADVISERS
WASHINGTON

1977 JUL 1 PM 2 57 July 1, 1977

MEMORANDUM FOR THE PRESIDENT

FROM: Charlie Schultze *CLS*
SUBJECT: CEA Weekly Report

Economic Impact Analysis. Development of the Economic Impact Analysis program (systematic review of regulations with major economic impact), which you approved earlier this year, was delayed when the Justice Department raised some technical legal questions regarding the proposed procedures. We have worked out arrangements to minimize legal barriers to the procedure we wish to adopt, however, and expect to forward the final proposal to the EPG Executive Committee next week for clearance. It should be sent to you shortly.

Tax Reform and Investment. CEA staff completed work on a major research effort examining recent investment behavior and the impact of alternative tax incentives for investment. We discussed the results of this study with the Treasury Department today. Our two staffs are joining forces to try to work out an agreed-upon analysis of different options.

Water Pollution Act. My staff has been working closely with EPA and CEQ to develop amendments to the Federal Water Pollution Control Act. Those amendments will include a proposal for an effluent fee when businesses fail to operate or properly maintain pollution control equipment.

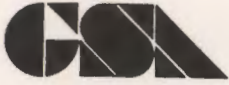
Breeder Reactor. Members of my staff have been working with Jim Schlesinger's staff to analyze the economic arguments for and against continuing the Breeder Reactor program.

Coal Strike. Bargaining later this year over a new coal industry contract is expected to be difficult, and a long strike is a possibility. The CEA staff, working with the Council on Wage and Price Stability, is starting to evaluate the overall economic consequences of a prolonged strike. We will be cooperating with Ray Marshall and Jim Schlesinger on assessing the problem.

Humphrey-Hawkins Bill. CEA staff members are drafting a substitute Humphrey-Hawkins Bill, at the suggestion of Speaker O'Neill, to be presented to the sponsors of the legislation shortly after the Congressional recess.

JEC Briefing. CEA's International Economics staff briefed members of the staff of the Joint Economic Committee on the outcome of several recent OECD meetings attended by CEA members and staff. Such briefings are part of a long-standing agreement by the CEA to provide materials on the OECD meetings to the JEC.

EOP Reorganization. Stu Eizenstat, Mike Blumenthal and I have been consulting each other on ways to organize better and do a better job of meeting your needs on analysis and staff work where economic issues are concerned. If all goes well, we should have some joint suggestions for your EOP reorganization.



United States of America
General Services Administration
Washington, D.C. 20405

C
/

Administrator

THE PRESIDENT HAS SEEN.

July 1, 1977

1977 JUL 1 PM 3 12

MEMORANDUM FOR THE PRESIDENT

SUBJECT: Weekly Report on GSA Activities

Progress on U.S./U.S.S.R. Archival Collaboration

GSA's National Archives and Records Service staff took the lead role as U.S. and U.S.S.R. members of the joint editorial team preparing a documentary publication on early relations of the two countries met in Moscow June 16 - 22. The reception of the nine members of the American team by their Soviet counterparts was cordial, and the work proceeded expeditiously. There was, however, some disagreement over the American side's proposals for facilitating access by scholars to the bodies of records from which the selected documents are being drawn. The American side was given the opportunity to discuss the access issue with the U.S.S.R. Main Archives Administration, the Archives of Russia Foreign Policy (1721-1917) and the Institutes of Russian and General History of the U.S.S.R. Academy of Science. These talks were useful and were seen as enhancing relations of the two countries in the cultural sphere. The U.S./U.S.S.R. joint board will meet again in Washington in December.

Israeli Interest in Tungsten

After a lapse of several months, the Government of Israel on June 24, 1977, expressed renewed interest in a second acquisition of excess tungsten from the Stockpile. Previous FPA sales of Stockpile excesses to the Government of Israel include industrial diamonds and tungsten.

Bay of Pigs Report Opened

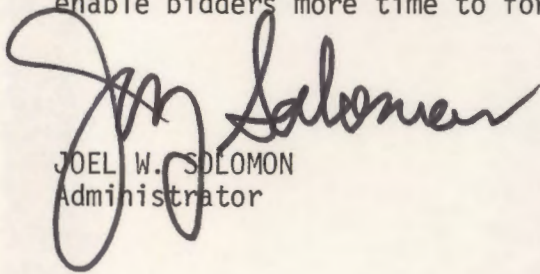
The top secret, 54-page inquiry into the 1961 Bay of Pigs disaster prepared by Gen. Maxwell Taylor and others for President Kennedy has been largely declassified by the Kennedy Library and opened for research. Also declassified was testimony before the investigating panel by key members of the Cuban Brigade and others who participated in the landing and in the planning for the invasion. Declassification followed many requests for access by researchers.

Bids Refused on Portion of Dobbins Air Force Base

Twelve bids received for 46.83 acres of unimproved land that was formerly a portion of Dobbins Air Force Base were rejected. The highest bid was \$66,311 which was completely unacceptable when compared to the staff

**Electrostatic Copy Made
for Preservation Purposes**

appraisal of \$900,000. The property is bordered by commercial development and is definitely worth more than the \$1,416 per acre offered by the high bidder. Our present plan is to market the property again and open bids after 3 to 4 months exposure instead of the standard 6-week period to enable bidders more time to formulate plans for use of the property.

A large, stylized handwritten signature in dark ink, appearing to read "Joel W. Solomon". The signature is written over the typed name and title.

JOEL W. SOLOMON
Administrator

LIMITED OFFICIAL USE

TO: President Carter

July 1, 1977

THE PRESIDENT HAS SEEN.

THROUGH: Jack Watson

FROM: USUN - Ambassador Young 977 JUL 1 PM 3 11

SUBJECT: Weekly Summary of U.S. Mission to the United Nations
Activities, June 23-29

1. SECURITY COUNCIL - RHODESIAN INCURSIONS INTO MOZAMBIQUE: Security Council met all week on Mozambique complaint concerning attacks by Rhodesia. After a series of negotiations, the sponsored African draft resolution was adopted by the Council 15-0. Most significant paragraph of resolution reads, "Requests all States to give immediate and substantial material assistance to enable the Government of the People's Republic of Mozambique to strengthen its defense capability in order to safeguard effectively its sovereignty and territorial integrity."

2. NAMIBIA - NEXT STEPS: The Western Five continue to discuss next steps on Namibia demarches. The Five have issued an invitation, through SWAPO's UN Representative, to SWAPO Executive Committee to meet with Five in New York, July 11. We await a response.

3. UN SECRETARY GENERAL WALDHEIM TO VISIT CHINA JULY 26 TO AUGUST 2: Following his re-election as Secretary General last Fall, Waldheim initiated plans to visit the capitals of UNSC Permanent Members. He visited Washington in February; Peking will be the second in the series.

4. CIEC AND THE RESUMED 31ST GENERAL ASSEMBLY: The resumed 31st GA on economic matters is scheduled for September 13-16. The Session will most probably consist of political statements on the results of CIEC, concluding in a declaration which will probably not deal with the substance of the Paris talks.

5. UNDP GOVERNING COUNCIL: Governor Gilligan made a strong statement which was generally well received by other delegations who took particular interest in the concept of multi-year funding commitments. The Council focused mainly on the future role of UNDP, for the purpose of reforming the organization and making it more responsive to the needs of the developing world.

6. OTHER MEETINGS: Deputy Foreign Minister Mosjov, President Designate of the 32nd General Assembly; Arab Group dinner; Swedish Foreign Minister Soder of Sweden.

7. INTERVIEWS: Tape Interview for Black Perspective on the News and Jimmy Wechsler (New York Post), Paul Cowan (Village Voice), and National Black Network.

8. SPEAKING ENGAGEMENTS: Communication Workers of America, Kansas City; Church of the Brethren, Richmond.

LIMITED OFFICIAL USE



THE SECRETARY OF HOUSING AND URBAN DEVELOPMENT
WASHINGTON, D. C. 20410

July 1, 1977

THE PRESIDENT HAS SEEN.

7-1-77 2:50 PM

C

MEMORANDUM FOR: The President

SUBJECT: Weekly Report of Major Departmental
Activities

The following are brief descriptions of significant activities at the Department of Housing and Urban Development.

New U.S.-Canada Cooperative Agreement On Urban Affairs.

On June 28 in Ottawa, my Canadian counterpart, the Minister of State for Urban Affairs, Mr. Andre Ouellet, and I signed an agreement to strengthen and expand cooperation between Canada and the United States in housing and urban affairs. The "Memorandum of Understanding" establishes a joint steering committee to manage cooperative activities such as joint research projects, seminars, study tours by experts, and regular information exchanges. Cooperative activities will cover a broad range of subjects important to both countries, including national growth strategies, core-city revitalization and neighborhood preservation, housing finance mechanisms, native housing, and the impact of energy considerations on urban planning and development. The five year agreement is effective immediately.

Citizen Participation in Urban Growth Forums.

The Department has completed the series of 10 citizen forums on urban growth which provided information for use in the 1978 Urban Growth Report. We are now preparing a summary report on the forum process, including suggestions for subsequent workshops which may be held by the Urban and Regional Policy Group. Findings and conclusions also will be transmitted to the Commerce Department to assist in their planning for the White House Conference on Balanced Growth.

HUD Holds Firm on Housing Requirements.

During the past two weeks two additional Community Development Block Grant applications from entitlement cities have been disapproved because of deficient housing plans. Pomona, California and Hightstown, New Jersey submitted Housing Assistance Plans which failed to address the housing assistance needs of lower income families. A third application, from East Hartford, Connecticut, probably will be disapproved today.

Senate Interest in HUD's Proposed Reorganization. We have received a letter from Senator Proxmire requesting that the Department submit its proposed internal reorganization plan for consideration by the Senate Committee on Banking, Housing and Urban Affairs. The letter also states that the Committee may want to hold a hearing on this subject in the near future. Senator Proxmire's request and similar language in the report of the Senate Appropriations Committee have been discussed with the Office of Management and Budget. The HUD reorganization plan is the first Administration plan with significant implications for field organization and we are therefore concerned that no undesirable precedents be established with respect to the Congressional role in reorganization.

Conference Begins on HUD's Fiscal Year 1978 Authorization Bill. On Tuesday, June 28, House and Senate conferees began meeting on HUD's Fiscal Year 1978 authorization bill. The conferees are expected to reconvene after the Fourth of July recess and continue the conference during the week of July 11. No action has yet been taken on the most controversial items in conference, all of which are contained in the Senate version.

Pat
Patricia Roberts Harris

THE WHITE HOUSE
WASHINGTON

July 5, 1977

Secretary Kreps -

The attached was returned in
the President's outbox. It is
forwarded to you for appropriate
handling.

Rick Hutcheson

Re: Coastal Zone Management



THE SECRETARY OF COMMERCE
Washington, D.C. 20230

FYI

THE PRESIDENT HAS SEEN.

July 1, 1977

1977 JUL 1 PM 4 16

REPORT TO THE PRESIDENT

Salmon Fishing Controversy. Last week, Anne Wexler, Deputy Under Secretary of Commerce, met in Seattle with State leaders, editorial boards, and fishing groups regarding salmon fishery problems. The underlying problem is a refusal by non-Indian fishermen to accept a 1974 decision by Federal Judge Boldt that, under treaties negotiated in 1850-1854, certain Indian tribes retain the opportunity to catch 50% of the salmon passing the tribes' usual fishing places. Extra fishing time is the only effective way to provide for these Indian treaty rights since non-Indian boats are more numerous and better equipped. However, a 1977 Washington State Supreme Court decision and the Washington State Legislature's failure to adopt relevant legislation preclude the State from allocating extra fishing time to treaty Indians.

Through the efforts of the Departments of Commerce, State, Justice, Interior and Transportation, the Federal Government for the first time is providing treaty Indian fishing time and enforcing fishing regulations. This is an extremely emotional and volatile issue, but indications are that Ms. Wexler's trip was highly successful in gaining increased acceptance for the Federal action from all involved groups.

The points she emphasized were (1) that even with an extra day of Indian-only fishing, treaty Indians are expected to catch only 10% to 15% of the available salmon, rather than the 50% allowed; (2) the anticipated U.S. share of Fraser River salmon is 3.4 million, which is about double last year's catch after allowing for the treaty Indian share; (3) it is not in the economic interest of the fishermen to disrupt the fishery and risk losing U.S. fishing time; and (4) this year there is Federal rather than State enforcement of the fishing regulations.

This effort is part of a continuing program involving several issues including Indian rights, negotiations with Canada concerning reciprocal fishing and salmon interception treaties, and 200-mile zone fisheries management.

Electrostatic Copy Made
for Preservation Purposes



Budget Hearings. A House/Senate Conference on DoC's 1978 appropriations was conducted on Wednesday, June 29. The conference report will recommend total appropriations of \$2.275 billion, a net increase of only \$13 million over our budget request. There were \$50.4 million in cuts and \$63.9 million in additions. Primary increases were in economic development assistance programs (\$43.5 million) and in coastal zone management and other National Oceanic and Atmospheric Administration programs. We were unsuccessful in keeping FY 1978 funding for the 1980 Winter Olympics out of the Commerce budget, with Congress earmarking \$5 million for nonpermanent facilities. On balance, I think we did rather well in keeping our programs close to our initial budget request.

Consumer Product Information Labeling Program. The Department held a press conference yesterday with Mrs. Esther Peterson to announce this experimental voluntary product labeling program. The program is designed to make objective product performance information, such as a product's energy efficiency, noise level, strength, or durability, available to consumers at the point of sale. It was initiated in June as a 12-month pilot program and will be extended only if the program proves to be successful. At the press conference the public was urged to send suggestions to the Department about which products should be labeled, and the kind of information that should be included on the labels.

Coastal Zone Management. Negotiations have been held with Senator J. Bennett Johnston of Louisiana regarding his amendment to S.9, Amendments to the Outer Continental Shelf Lands Act. The Senator is trying to move the Coastal Zone Impact Program closer to revenue sharing by reducing conditions on the granting of funds. OMB has made two concessions to the Senator which (1) would allow States to use grants rather than loans for construction of public facilities, and (2) would allow funds to be used for old as well as new energy activity. The Senator also is trying to double the annual grant authorization level from \$50 million to \$100 million, but OMB has not agreed to this change. ok

Electrostatic Copy Made
for Preservation Purposes


Juanita M. Kreps

THE WHITE HOUSE
WASHINGTON

July 5, 1977

Frank Moore -

The attached was returned in
the President's outbox. It is
forwarded to you for your
information.

Rick Hutcheson

Re: Congressional Problems

THE PRESIDENT HAS SEEN.

THE WHITE HOUSE
WASHINGTON

July 1, 1977

MEMORANDUM FOR THE PRESIDENT

FROM: FRANK MOORE *fm*

I had a long talk with Senator Byrd this morning. He is still very concerned about the Panama Canal Treaty. Senator Randolph reported to him that you did not bring it up in your breakfast meeting with the nine Senators.

Of course, there is the continuing problem of our seeming to pay more attention to the Speaker or Senator Alan Cranston. To help balance the scales, I suggested to Senator Byrd that he come down and have dinner with you one night in July. He said that he would try to schedule it. *ok*

I also had breakfast with Senator Cranston. As I have often told you, he is a great help to me in picking up tidbits on the floor, and greasing things to work smoothly. He said Senator Richard Stone has been particularly difficult in the Mideast situation. One thing he continues to bring up is his conversation with you about expediting the sale of chariot tanks to Israel. I assume this came up in the meeting with Senators Humphrey, Case, Javits and Stone about the language in the Humphrey-Javits amendment on arm sales. I will check with Doug Bennet and Secretary Harold Brown. I assume this is something you may be holding for Begin's visit.

*I do not
recall this
at all.*

Electrostatic Copy Made
for Preservation Purposes